



# GIEGER, LABORDE & LAPEROUSE, L.L.C.

**NEW ORLEANS**

701 POYDRAS STREET, SUITE 4800  
NEW ORLEANS, LOUISIANA 70139  
PHONE: 504-561-0400  
Fax: 504-561-1011

**HOUSTON**

5151 SAN FELIPE, SUITE 750  
HOUSTON, TEXAS 77056  
PHONE: 832-255-6000  
Fax: 832-255-6001

**BILOXI**

770 WATER STREET, SUITE 504  
BILOXI, MISSISSIPPI 39530  
PHONE: 228-438-2905  
Fax: 228-438-2906

August 9, 2021

*Via Electronic Mail*

United States Department of the Interior  
Bureau of Ocean Energy Management  
Gulf of Mexico OCS Region  
1201 Elmwood Park Boulevard  
New Orleans, Louisiana 70123-2394

Attention: Adjudication Unit

Re: Non-Required Filings

Dear Madam or Sir:

Enclosed herewith please find the following documents, which are to be recorded in the consecutive order set forth below:

1. Act of Multiple Indebtedness Mortgage, Assignment of As-Extracted Collateral, Security Agreement, Fixture Filing and Financing Statement, dated as of August 3, 2021, from ShenHai, LLC, as Mortgagor, Debtor, and Grantor, to Societe Generale, as Security Agent, as Mortgagee, Secured Party and Grantee (please record in **Category 1 – Mortgage, Deed of Trust, Security Agreement**);
2. Act of Multiple Indebtedness Mortgage, Assignment of As-Extracted Collateral, Security Agreement, Fixture Filing and Financing Statement, dated as of August 3, 2021, from BOE II Shen LLC, as Mortgagor, Debtor, and Grantor, to Societe Generale, as Security Agent, as Mortgagee, Secured Party and Grantee (please record in **Category 1 – Mortgage, Deed of Trust, Security Agreement**);
3. Act of Multiple Indebtedness Mortgage, Assignment of As-Extracted Collateral, Security Agreement, Fixture Filing and Financing Statement, dated as of August 3, 2021, from Beacon Offshore Energy Development LLC, as Mortgagor, Debtor, and Grantor, to Societe Generale, as Security Agent, as Mortgagee,

Secured Party and Grantee (please record in **Category 1 – Mortgage, Deed of Trust, Security Agreement**);

4. UCC1 Financing Statement, by and between ShenHai, LLC, as Debtor, and Societe Generale, as Security Agent (please record under **Category 3 – UCC Filings and Financial Statements**);
- ★ 5. UCC1 Financing Statement, by and between BOE II Shen LLC, as Debtor, and Societe Generale, as Security Agent (please record under **Category 3 – UCC Filings and Financial Statements**); and
6. UCC1 Financing Statement, by and between Beacon Offshore Energy Development LLC, as Debtor, and Societe Generale, as Security Agent (please record under **Category 3 – UCC Filings and Financial Statements**).

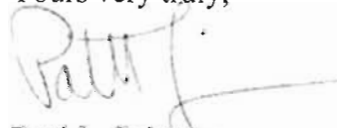
Please file these documents in the non-required filing records maintained by your office in the records affecting the leases listed below:

1. OCS-G 31938, WR 51;
2. OCS-G 25232, WR 52; and
3. OCS-G 28148, WR 53.

Also enclosed are pay.gov receipts evidencing payment of the required filing fees. Should you have any questions, please contact the undersigned at 504-561-0400.

Thank you in advance for your courtesies in this matter.

Yours very truly,



Patti L. Spinney  
Legal Assistant

Enclosures

STATE OF LOUISIANA  
UNIFORM COMMERCIAL CODE - FINANCING STATEMENT  
UCC-1

Important - Read Instructions before filing out form.

Follow instructions carefully.

1. Debtor's exact full legal name - insert only one debtor name (1a or 1b) - do not abbreviate or combine names.

1a Organization's Name BOE II SHEN LLC						
OR		1b Individual's Last Name (and Title of Lineage (e.g. Jr. Sr., III, if applicable))		First Name	Middle Name	
1c Mailing Address		City		State	Postal Code	Country
333 CLAY STREET, STE. 4200		HOUSTON		TX	77002	USA
1d Tax ID #: SSN or EIN		Add'l info re Organization Debtor:	1e Type of Organization LLC	1f Jurisdiction of Organization DE		1g Organizational ID # if any <input type="checkbox"/> None

2. Additional debtor's exact full legal name - insert only one debtor name (2a or 2b) - do not abbreviate or combine names.

2a Organization's Name						
OR		2b Individual's Last Name (and Title of Lineage (e.g. Jr., Sr. III), if applicable)		First Name	Middle Name	
2c Mailing Address		City		State	Postal Code	Country
2d Tax ID #: SSN or EIN		Add'l info re Organization Debtor:	2e Type of Organization	2f Jurisdiction of Organization		2g Organizational ID #, if any <input type="checkbox"/> None

3. Secured Party's Name (or Name of Total Assignee of Assignor S/P) - insert only one secured party name (3a or 3b)

3a Organization's Name SOCIETE GENERALE, AS SECURITY AGENT						
OR		3b Individual's Last Name (and Title of Lineage (e.g. Jr., Sr., III), if applicable)		First Name	Middle Name	
3c Mailing Address		City		State	Postal Code	Country
245 PARK AVE.		NEW YORK		NY	10167	USA

4. This FINANCING STATEMENT covers the following collateral:

ALL RIGHTS, TITLE AND INTERESTS IN, UNDER AND TO THE COLLATERAL DEFINED IN, AND MORE FULLY DESCRIBED BY THAT CERTAIN ACT OF MULTIPLE INDEBTEDNESS MORTGAGE, ASSIGNMENT OF AS-EXTRACTED COLLATERAL, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING STATEMENT ATTACHED HERETO.

5a Check if applicable and attach legal description of real property:  Fixture filing  As-extracted collateral  Standing timber constituting goods  
 The debtor(s) do not have an interest of record in the real property (Enter name of an owner of record in 5b)

5b Owner of real property (if other than named debtor)

6a Check only if applicable and check only one box  
 Debtor is a Transmitting Utility. Filing is Effective Until Terminated  
 Filed in connection with a public finance transaction. Filing is effective for 30 years

6b Check only if applicable and check only one box  
Debtor is a  Trust or  Trustee acting with respect to property held in trust or  Decedent's Estate

7. ALTERNATIVE DESIGNATION (if applicable):  
 CONSIGNEE/CONSIGNOR  AG. LIEN  LESSEE/LESSOR  
 SELLER/BUYER  BAILEE/BAILOR  NON-UCC-FILING

8. Name and Phone Number to contact filer  
MEL GLINA, 713.221.1103

9. Send Acknowledgment To: (Name and Address)  
BRACEWELL LLP  
711 LOUISIANA ST., STE. 2300  
HOUSTON, TX 77002  
ATTN: MEL GLINA

10. The space below is for Filing Office Use Only

11.  CHECK TO REQUEST SEARCH REPORT(S) ON DEBTORS (ADDITIONAL FEE REQUIRED)  ALL DEBTORS  DEBTOR1  DEBTOR2

ACT OF MULTIPLE INDEBTEDNESS MORTGAGE, ASSIGNMENT OF AS-EXTRACTED  
COLLATERAL, SECURITY AGREEMENT, FIXTURE FILING AND FINANCING  
STATEMENT

**THIS INSTRUMENT IS A MULTIPLE INDEBTEDNESS MORTGAGE.**

THIS INSTRUMENT CONTAINS AFTER-ACQUIRED PROPERTY AND FUTURE ADVANCE PROVISIONS.

THE SECURITY INTEREST CREATED BY THIS INSTRUMENT ATTACHES TO THE INTEREST OF MORTGAGOR IN MINERALS OR THE LIKE (INCLUDING OIL AND GAS) AS EXTRACTED AND TO THE ACCOUNTS RESULTING FROM THE SALE THEREOF AT THE WELLHEAD. THIS INSTRUMENT COVERS THE INTEREST OF MORTGAGOR IN FIXTURES. THIS FINANCING STATEMENT IS TO BE FILED FOR RECORD, AMONG OTHER PLACES, IN THE MORTGAGE AND UCC RECORDS. PRODUCTS OF THE COLLATERAL ARE ALSO COVERED.

**THE MAXIMUM AMOUNT SECURED BY THIS MORTGAGE IS FIVE BILLION AND  
NO/100 DOLLARS (\$5,000,000,000.00)  
(SEE SECTION 2.2)**

FROM

**BOE II SHEN LLC**  
(Mortgagor, Debtor and Grantor)

TO

**SOCIETE GENERALE**, as Security Agent  
(Mortgagee, Secured Party and Grantee)

As of August 3, 2021

For purposes of filing this Mortgage as a financing statement, BOE II Shen LLC is a limited liability company organized under the laws of the State of Delaware and its mailing address is 3 Allen Center, 333 Clay Street, Suite 4200, Houston, Texas 77002. The mailing address of the Mortgagee is 245 Park Avenue, New York, New York 10167.

\*\*\*\*\*

This instrument, prepared by Jennifer Dill, Bracewell LLP, 711 Louisiana, South Tower Pennzoil Place, Suite 2300, Houston, Texas 77002, (713) 221-1144, contains after-acquired property provisions and covers future advances and proceeds to the fullest extent allowed by applicable law.

**ATTENTION RECORDING OFFICER:** This instrument is a mortgage of both real/immovable and personal/movable property and is, among other things, a Security Agreement and Financing Statement under the Uniform Commercial Code in effect in the State of Louisiana. This instrument creates a lien on rights in or relating to those lands of the Mortgagor which are described in Exhibit A hereto or in documents described in such Exhibit A.

**RECORDED DOCUMENT SHOULD BE RETURNED TO:**

Attention: Forrest Brown  
White & Case LLP  
609 Main Street, Suite 2900  
Houston, Texas 77002

**ACT OF MULTIPLE INDEBTEDNESS MORTGAGE, ASSIGNMENT OF AS-  
EXTRACTED COLLATERAL, SECURITY AGREEMENT, FIXTURE FILING AND  
FINANCING STATEMENT**

ACT OF MULTIPLE INDEBTEDNESS §  
MORTGAGE, ASSIGNMENT OF §  
AS-EXTRACTED COLLATERAL, § UNITED STATES OF AMERICA  
SECURITY AGREEMENT, §  
FIXTURE FILING AND FINANCING §  
STATEMENT §  
§  
BY: BOE II SHEN LLC § THE STATE OF TEXAS  
§ COUNTY OF HARRIS  
§  
§  
TO: SOCIETE GENERALE, §  
AS SECURITY AGENT §

BE IT KNOWN, that on the 3<sup>rd</sup> day of August, 2021, to be effective as of the Effective Date (as defined below) before the undersigned Notary Public, duly commissioned and qualified in and for the State and County aforesaid, and in the presence of the undersigned respective competent witnesses, personally came and appeared:

BOE II SHEN LLC, with offices at 3 Allen Center, 333 Clay Street, Suite 4200, Houston, Texas 77002 (the "Mortgagor"), represented herein by its undersigned officer, duly authorized pursuant to resolutions of its managing member, a certified copy of which is attached hereto as Exhibit B and made a part hereof for all purposes; whose federal Taxpayer Identification Number ends in 4976,

who, being duly sworn, did declare and say that, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged by the Mortgagor, do hereby agree as follows:

**RECITALS:**

WHEREAS, this instrument (this "Mortgage") is executed in connection with, and pursuant to the terms of, that certain Senior Revolving Borrowing Base Facility Agreement, dated as of August 1, 2021, among the Mortgagor, as borrower, Societe Generale, as administrative agent for the Lenders (in such capacity, the "Administrative Agent"), Societe Generale, as the security agent (the "Security Agent"), and the mandated lead arrangers, lenders, and the other parties time to time parties thereto (as amended, modified, restated or supplemented from time to time, the "Senior Facility Agreement").

WHEREAS, the Lenders (as defined below) have required, as a condition to making Loans (as defined below) and issuing Letters of Credit (as defined below), that the Mortgagor execute and deliver this Mortgage to Societe Generale as security agent under the Senior Facility

Agreement for the benefit of itself and the other Secured Parties (as defined in the Intercreditor Agreement defined below) (in such capacity, the "Mortgagee").

WHEREAS, the Mortgagor expects to receive significant benefits from the Loans and Letters of Credit pursuant to the Senior Facility Agreement.

WHEREAS, the Mortgagor may from time to time enter into one or more Senior Hedging Agreements with a Senior Hedge Counterparty.

WHEREAS, the Mortgagor will directly or indirectly benefit from such Senior Hedging Agreements entered into by it with a Senior Hedge Counterparty.

WHEREAS, the Mortgagor has or may enter into a CCUAA with the Junior Creditor, the Operator, and the other parties thereto.

WHEREAS, the Mortgagor will directly or indirectly benefit from the CCUAA entered into by it with the Junior Creditor.

NOW, THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Mortgagor hereby agrees as follows:

## ARTICLE 1

### DEFINITIONS

Section 1.1 Certain Defined Terms. For all purposes of this Mortgage, unless the context otherwise requires:

"Acceptable Security Interest" in any Property means a Security which (a) exists in favor of the Mortgagee for the benefit of the Secured Parties, (b) is superior to all Security or rights of any other person in the property encumbered thereby, other than Permitted Security, (c) secures the Obligations, and (d) is perfected and enforceable.

"Collateral" means the Realty Collateral, Personalty Collateral and Fixture Collateral.

"Contracts" means all contracts, agreements, operating agreements, farm-out or farm-in agreements, sharing agreements, mineral purchase agreements, contracts for the purchase, exchange, gathering, transportation, processing, treating or sale or other disposition of Hydrocarbons, rights-of-way, easements, surface leases, equipment leases, permits, franchises, licenses, pooling or unitization agreements, and unit or pooling designations and orders now or hereafter affecting any of the Oil and Gas Properties, Operating Equipment, Fixture Operating Equipment, or Hydrocarbons now or hereafter covered hereby, or which are useful or appropriate in drilling for, producing, treating, handling, storing, gathering, transporting or marketing Hydrocarbons produced from any of the Oil and Gas Properties, and all such contracts and agreements as they may be amended, restated, modified, substituted or supplemented from time-to-time.



"Effective Date" shall mean August 3, 2021.

"Enforcement Date" shall have the meaning given to such term in the Intercreditor Agreement.

"Excluded Assets" shall have the meaning set forth in the Borrower Collateral Agreement (as defined in the Senior Facility Agreement); provided that, notwithstanding anything to the contrary therein or herein, "Excluded Assets" shall not include any right, title, or interest of the Mortgagor now owned or hereafter acquired in the FPS or the SURF Assets.

"Exhibit A" shall mean the "Exhibit A" attached hereto and made a part hereof, as the same may be amended, modified, restated or supplemented from time to time.

"Finance Documents" shall have the meaning given to such term in the Senior Facility Agreement.

"Fixture Collateral" means all of the Mortgagor's right, title and interest now owned or hereafter acquired in and to all Fixture Operating Equipment and all proceeds, products, renewals, increases, profits, substitutions, replacements, additions, amendments and accessions thereof, thereto or therefor.

"Fixture Operating Equipment" means any of the items described in the first sentence of the definition of "Operating Equipment" set forth below and which as a result of being incorporated into realty or structures or improvements located therein or thereon, with the intent that they remain there permanently, constitute fixtures under the laws of the state in which such equipment is located.

"FPS" means a floating production facility to be provided for the Project (as defined in the Senior Facility Agreement).

"Good Industry Field Practice" shall have the meaning given to such term in the Senior Facility Agreement.

"Governmental Authority" shall have the meaning given to such term in the Senior Facility Agreement.

"Highest Lawful Rate" means, with respect to each Lender, the maximum nonusurious interest rate, if any, that at any time or from time to time may be contracted for, taken, reserved, charged or received on the Loans or on other Obligations under laws applicable to such Lender which are presently in effect or, to the extent allowed by law, under such applicable laws which may hereafter be in effect and which allow a higher maximum nonusurious interest rate than applicable laws allow as of the date hereof.

"Hydrocarbon Interests" means rights, titles, interests and estates now or hereafter acquired in and to oil and gas leases, oil, gas and mineral leases, or other liquid or gaseous hydrocarbon leases, mineral fee interests, mineral term interests, subleases, farm-outs, overriding royalty and royalty interests, net profit interests, carried interests, back-in interests, reversionary



interests, production payment interests, and other similar mineral interests, including any reserved or residual interests of whatever nature.

“Hydrocarbons” means oil, gas, coal seam gas, coalbed methane, casinghead gas, drip gasoline, natural gasoline, condensate, distillate, and all other liquid and gaseous hydrocarbons produced or to be produced in conjunction therewith from a well bore and all products, by-products, and other substances derived therefrom or the processing thereof, and all other minerals and substances produced in conjunction with such substances, including sulphur, geothermal steam, water, carbon dioxide, helium, and other minerals, ores, or substances of value and the products and proceeds therefrom, but excluding:

(a) coal or bituminous shales or other stratified deposits from which oil can be extracted by destructive distillation; and

(b) any substance unavoidably lost in the production thereof or used in conformity with Good Industry Field Practice for drilling and the production operations (including gas injection, fuel, secondary recovery pressure maintenance, re-pressuring or re-cycling operations) conducted for the purpose of winning and saving such substances but only for the duration of such use.

“Intercreditor Agreement” means that certain Intercreditor Agreement dated as of August 1, 2021, and made between, among others, the Mortgagor, the Security Agent and certain other financial institutions, as amended, modified, restated or supplemented from time to time.

“Lender” shall have the meaning given to such term in the Senior Facility Agreement.

“Letter of Credit” shall have the meaning given to such term in the Senior Facility Agreement.

“Loan” shall have the meaning given to such term in the Senior Facility Agreement.

“Obligations” means

(a) The "Secured Obligations", as that term is defined in the Intercreditor Agreement;

(b) All other indebtedness, obligations, and liabilities of the Mortgagor or any other Security Grantor owing to any of the Secured Parties now existing or hereafter arising under or pursuant to the Senior Facility Agreement, this Mortgage, any Secured Hedging Agreement, or any of the other Finance Documents, whether fixed or contingent, joint or several, direct or indirect, primary or secondary, and regardless of how created or evidenced;

(c) All sums advanced or costs or expenses incurred by Mortgagee or any of the other Secured Parties (whether by it directly or on its behalf by the Mortgagee), which are made or incurred pursuant to, or allowed by, the terms of this Mortgage plus interest thereon from the date of the advance or incurrence until reimbursement of the Mortgagee or such Secured Party charged at the Reimbursement Rate;

(d) All future advances or other value, of whatever class or for whatever purpose, at any time hereafter made or given by the Mortgagee or any of the other Secured Parties to the Mortgagor under or pursuant to the Senior Facility Agreement, or any Secured Hedging Agreement, whether or not the advances or value are given pursuant to a commitment, whether or not the advances or value are presently contemplated by the parties hereto, and whether or not the Mortgagor is indebted to any Secured Party at the time of such events; and

(e) All renewals, extensions, modifications, amendments, rearrangements and substitutions of all or any part of the above whether or not the Mortgagor executes any agreement or instrument.

"Oil and Gas Property" or "Oil and Gas Properties" means (a) the Hydrocarbon Interests described in Exhibit A attached hereto and made a part hereof for all purposes (whether now owned or hereafter acquired) including the net revenue interests warranted in Exhibit A and any reversionary or carried interests relating to any of the foregoing; (b) the Properties now or hereafter pooled or unitized with Hydrocarbon Interests; (c) all presently existing or future unitization, pooling agreements and declarations of pooled units and the units created thereby that may affect all or any portion of the Hydrocarbon Interests, including without limitation, all production units, and drilling and spacing units (and the Properties covered thereby), those units, if any, which may be described or referred to on Exhibit A and any other units created by agreement or designation or under orders, regulations, rules or other official acts of any Governmental Authority; (d) any and all non-consent interests owned or held by, or otherwise benefiting, the Mortgagor and arising out of, or pursuant to, any of the Contracts; (e) all Hydrocarbons and other As-Extracted Collateral in and under and that may be produced and saved or attributable to the Hydrocarbon Interests, including all oil in tanks, and all rents, issues, profits, proceeds, products, revenues and other incomes from or attributable to the Hydrocarbon Interests; (f) any other interest of the Mortgagor in, to or relating to (i) all or any part of the land described in Exhibit A, the land relating to, or described in, the leases set forth in Exhibit A or in the documents described in Exhibit A, or (ii) any of the estates, property rights or other interests referred to above, (g) any instrument executed in amendment, correction, modification, confirmation, renewal or extension of the interests described in clause (a) above, (h) all rights of the Mortgagor as a lessor or sublessor in and to all mineral payments classified as rent under the Louisiana Mineral Code now or hereafter derived from the Hydrocarbon Interests described on Exhibit A, and (i) all tenements, hereditaments, appurtenances and Properties, whether now existing or hereafter obtained, but in any manner appertaining, belonging, affixed or incidental to in connection with any of the aforesaid, including, without limitation, any rights arising under any unitization orders, agreements or other arrangements or pooling orders, agreements or arrangements.

"Operating Equipment" means, whether now owned or hereafter acquired, the following owned by the Mortgagor: all surface or subsurface machinery, fixtures, equipment, facilities, materials, supplies or other Property of whatsoever kind or nature now or hereafter located on any of the Property affected by the Oil and Gas Properties or on lands pooled or unitized therewith or otherwise related to the Oil and Gas Properties which are used or are useful for the production, treatment, storage or transportation of Hydrocarbons, including all rights, titles and interests of Mortgagor, whether now owned or hereafter acquired, in the SURF Assets, the FPS, and all other fixed and floating production facilities and platforms (including, in each case but

not limited to, any such assets intended to be located on the lands set forth on Exhibits A), all oil wells (including, but not limited to, those set forth in Exhibit A), gas wells (including, but not limited to, those set forth in Exhibit A), water wells (including, but not limited to, those set forth in Exhibit A), injection wells (including, but not limited to, those set forth in Exhibit A), disposal wells (including, but not limited to, those set forth in Exhibit A), casing, tubing, rods, pumping units and engines, christmas trees, derricks, separators, gun barrels, flow lines, pipelines, tanks, gas systems (for gathering, treating, processing and compression), water systems (for treating, disposal and injection), supplies, derricks, wells, power plants, poles, cables, wires, meters, processing plants, compressors, dehydration units, lines, transformers, starters and controllers, machine shops, tools, storage yards and equipment stored therein, telegraph, telephone and other communication systems, roads, loading racks, shipping facilities and all additions, substitutes and replacements for, and improvements, accessories and attachments to, any of the foregoing.

"Permitted Security" shall have the meaning given to such term in the Senior Facility Agreement.

"Personalty Collateral" means all of the Mortgagor's right, title and interest now owned or hereafter acquired in and to (a) all Operating Equipment, (b) all Hydrocarbons severed and extracted from or attributable to the Oil and Gas Properties, including oil in tanks and all other As-Extracted Collateral from or attributable to the Oil and Gas Properties, (c) all accounts (including accounts resulting from the sale, use or delivery of Hydrocarbons at the wellhead), contract rights, and general intangibles, including all accounts, contract rights and general intangibles now or hereafter arising regardless of whether any of the foregoing is in connection with the sale or other disposition of any Hydrocarbons or otherwise, including all Security securing same, (d) all accounts, contract rights and general intangibles now or hereafter arising regardless of whether any of the foregoing is in connection with or resulting from any of the Contracts, including all Security securing the same, (e) all proceeds and products of the Realty Collateral and any other contracts or agreements, (f) all information concerning the Oil and Gas Properties and all wells located thereon, including abstracts of title, title opinions, geological and geophysical information and logs, lease files, well files, and other books and records (including computerized records and data), any deposit or time accounts with any Secured Party, including Mortgagor's operating bank account and all funds and investments therein, (g) any other deposit or time accounts with Mortgagee, and all funds and investments therein, (h) any options or rights of first refusal to acquire any Realty Collateral, (i) all Goods (including, without limitation, all inventory, equipment and fixtures), Accounts, Documents, Instruments, Money, Chattel Paper (whether tangible chattel paper or electronic chattel paper), and General Intangibles, and any and all other personal/movable Property of any kind or character as defined in and subject to the UCC constituting a part of, relating to or arising out of the Collateral described and defined herein, and (j) all proceeds and products of any of the foregoing, regardless of whether such proceeds and products are goods, money, documents, instruments, chattel paper (whether tangible chattel paper or electronic chattel paper), securities, accounts, general intangibles, fixtures, real/immovable Property, or other assets, and all renewals, increases, profits, substitutions, replacements, additions, amendments and accessions of, to or for any of the foregoing.

"Property" or "Properties" means any property of any kind, whether immovable, real, movable, personal, or mixed and whether tangible or intangible.

"Realty Collateral" means all of the Mortgagor's right, title and interest now owned or hereafter acquired in and to the Oil and Gas Properties, including any access rights, water and water rights, and all Hydrocarbons (even though Mortgagor's interest therein may be incorrectly described in, or a description of a part or all of such interest may be omitted from, Exhibit A) and all improvements and other constructions, including the Operating Equipment, now or hereafter located on any of the immovable property affected by the Oil and Gas Properties to the extent (a) any such improvements and other constructions should constitute or be deemed to constitute immovable property for the purposes of Louisiana law, including any platforms, structures, towers, rigs or other immovable property or component part thereof, including all fixed and floating production facilities and platforms (including, but not limited to, that intended to be located on the lands set forth on Exhibit A), or (b) any such property is otherwise susceptible of mortgage pursuant to Louisiana Civil Code Article 3286 or Louisiana Mineral Code Article 203.

"Reimbursement Rate" means a per annum rate equal to the lesser of (a) the Highest Lawful Rate and (b) 2% plus the rate which would have been payable if the applicable amount had constituted a Loan in the currency of the applicable amount for successive Interest Periods (as defined in the Senior Facility Agreement), each of a duration selected by the Administrative Agent (acting reasonably).

"Security Grantor" shall have the meaning set forth in the Senior Facility Agreement.

"SURF Assets" means any of the subsea umbilicals, risers and flowlines relating to the Project (as defined in the Senior Facility Agreement).

"UCC" shall mean the Uniform Commercial Code from time to time in effect in each of the jurisdictions where the Collateral or a portion thereof is situated.

#### Section 1.2 Other Terms.

(a) All capitalized terms not otherwise defined in this Mortgage that are defined in the Intercreditor Agreement shall have the meanings assigned to such terms by the Intercreditor Agreement. The rules of construction specified in Sections 1.2 (*Construction*) of the Intercreditor Agreement also apply to this Mortgage.

(b) Except as otherwise expressly provided in this Mortgage, and notwithstanding the foregoing, all terms in this Mortgage relating to the Collateral and the grant of the foregoing security interest which are defined in the UCC shall have the meanings assigned to them in Article 9 (or, absent definition in Article 9, in any other Article) of the UCC, as those meanings may be amended, revised or replaced from time to time. Notwithstanding the foregoing, the parties intend that the terms used herein which are defined in the UCC have, at all times, the broadest and most inclusive meanings possible. Accordingly, if the UCC shall in the future be amended or held by a court to define any term used herein more broadly or inclusively than the UCC in effect on the date of this Mortgage, then such term, as used herein, shall be given such broadened meaning. If the UCC shall in the future be amended or held by a court to define any term used herein more narrowly, or less inclusively, than the UCC in effect on the date of this Mortgage, such amendment or holding shall be disregarded in defining terms used in this Mortgage.

## ARTICLE 2

### GRANTING CLAUSE; MORTGAGED PROPERTY

Section 2.1 **Grant of Lien.** In consideration of the advances or extensions by the Secured Parties to the Mortgagor of the funds or credit constituting the Obligations (including, without limitation, the making of the Loans and the issuing of Letters of Credit), and in further consideration of the mutual covenants contained herein, and to secure payment of, and performance of the Obligations, and the performance of the covenants and obligations herein contained and in consideration of other valuable consideration in hand paid by the Secured Parties to the Mortgagor, the Mortgagor and the other Security Grantors and in consideration of the debts and trusts hereinafter mentioned, the receipt and sufficiency of all of which is hereby acknowledged, the Mortgagor does by these presents hereby specially HYPOTHECATE, PLEDGE, MORTGAGE, ASSIGN and grant a security interest unto and in favor of the Mortgagee for its benefit and the benefit of the Secured Parties, and each of their respective successors and assigns, the Realty Collateral, the Fixture Collateral, and the Personalty Collateral, including all the real/immovable property, personal/movable property, rights, titles, interests and estates in each case to the extent constituting Realty Collateral, Fixture Collateral or Personalty Collateral. This grant is intended, to the extent applicable, as a grant of a mortgage of the portion of the Collateral constituting a corporeal immovable with its component parts or an incorporeal immovable, a pledge of the lessor's and sublessor's rights in mineral payments classified as rent, a security interest in the portion of the Collateral in which a security interest can be granted under the UCC, and an assignment of the products of and from the Collateral to the extent provided pursuant to Louisiana law.

Notwithstanding anything else herein to the contrary, none of the Fixture Collateral or Personalty Collateral shall include any Excluded Assets.

This Mortgage is intended to secure the Obligations, whether now existing or arising at any time hereafter. As to all Obligations, whether now existing or arising at any time hereafter, this Mortgage has effect between the parties from the time the Mortgage is established and as to third parties from the time the Mortgage is filed for registry, all as provided by Louisiana Civil Code article 3298.

TO HAVE AND TO HOLD the Realty Collateral, the Fixture Collateral, and the Personalty Collateral unto Mortgagee and its successors, assigns or substitutes forever, together with all and singular the rights, hereditaments and appurtenances thereto in any way appertaining or belonging, to secure payment of the Obligations and the performance of the covenants of the Mortgagor contained in this Mortgage and in the Finance Documents.

Notwithstanding the foregoing, none of the Mortgagee or the Secured Parties shall be liable in any respect for the performance of any covenant or obligation of the Mortgagor in respect of the Collateral. Any reference in Exhibit A to the name of a well shall not be construed to limit the Collateral to the well bore of such well or in the pro rata units. It is Mortgagor's intention that this instrument cover Mortgagor's entire interest in the lands, leases, units and other interests set forth in Exhibit A that Mortgagor now owns or hereafter may acquire.

Notwithstanding any provisions in this Mortgage to the contrary, in no event is any Building (as defined in the applicable Flood Insurance Regulation) or Manufactured (Mobile) Home (as defined in the applicable Flood Insurance Regulation) included in the definition of "Mortgaged Property" and no Building or Manufactured (Mobile) Home is hereby encumbered by this Mortgage; *provided, however*, notwithstanding the foregoing, in no event will any of the Mortgagor's right, title or interest, whether now owned or hereafter acquired, in the FPS be excluded from the Mortgaged Property as a result of this paragraph. As used herein, "Flood Insurance Regulations" shall mean (a) the National Flood Insurance Act of 1968 as now or hereafter in effect or any successor statute thereto, (b) the Flood Disaster Protection Act of 1973 as now or hereafter in effect or any successor statute thereto, (c) the National Flood Insurance Reform Act of 1994 (amending 42 USC 4001, et seq.), as the same may be amended or recodified from time to time, and (d) the Flood Insurance Reform Act of 2004 and any regulations promulgated thereunder.

Section 2.2 **Future Advances and Maximum Amount Secured**. It is contemplated and acknowledged that the Obligations may include loans and advances from time to time, and that this Mortgage shall have effect as of the date hereof to secure all Obligations, regardless of whether any amounts are advanced on the date hereof or on a later date or, whether having been advanced, are later repaid in part or in whole and further advances made at a later date. This Mortgage secures all future advances and obligations constituting Obligations. **THE TOTAL AMOUNT OF OBLIGATIONS AND ADVANCES SECURED HEREBY MAY DECREASE OR INCREASE FROM TIME TO TIME, BUT AT NO TIME SHALL THE TOTAL AMOUNT OF OBLIGATIONS AND ADVANCES SECURED HEREBY EXCEED THE SUM OF FIVE BILLION AND NO/100 DOLLARS (\$5,000,000,000.00).**

Section 2.3 **Security Interest**. For the same consideration and to further secure the Obligations, the Mortgagor hereby grants to the Mortgagee for its benefit and the ratable benefit of the other Secured Parties a security interest in and to the Collateral; provided, however, that the Personalty Collateral and Fixture Collateral shall not include any Excluded Assets.

Section 2.4 **Fixture Filing**. The Personalty Collateral and Fixture Collateral in which Mortgagee has a security interest include goods which shall become fixtures on the Realty Collateral. This Mortgage is intended to serve as a fixture filing pursuant to the terms of Sections 10:9-310 and 10:9-502 of the UCC and as a fixture filing should also be recorded in the appropriate UCC records in the State of Louisiana. This filing remains in effect as a fixture filing until this Mortgage is released or satisfied of record or its effectiveness otherwise terminates. In that regard, the following information is provided:

Name of Mortgagor: BOE II Shen LLC

Address of Mortgagor: See Section 7.12 hereof.

Name of Mortgagee: Societe Generale

Address of Mortgagee: See Section 7.12 hereof.

The Mortgagor is the owner of a record interest in the real estate concerned. The Mortgagor warrants and agrees that there is no financing statement covering the foregoing Collateral, or any part thereof, on file in any public office except such as have been filed in favor of the Mortgagee for the ratable benefit of the Secured Parties pursuant to this Mortgage and the Finance Documents, as are filed to secure any Permitted Security, or as to which a duly authorized termination statement relating to such financing statement has been delivered to the Mortgagee on or before the Effective Date.

Section 2.5 **Future Advances.** This Mortgage has been executed by Mortgagor pursuant to Article 3298 of the Louisiana Civil Code for the purpose of securing Mortgagor's Obligations that may now be existing or that may arise in the future, as provided, herein, with the preferences and priorities provided under applicable Louisiana law.

### ARTICLE 3

#### **PROCEEDS FROM PRODUCTION**

##### Section 3.1 **Assignment of Hydrocarbons.**

(a) In order to further secure the Obligations, to the maximum extent permitted by Louisiana law, the Mortgagor has assigned, transferred, conveyed and delivered and does hereby absolutely and unconditionally assign, transfer, convey and deliver unto the Mortgagee, for its benefit and the ratable benefit of the other Secured Parties, effective as of the Effective Date at 7:00 a.m. New York time, all Hydrocarbons produced from, relating to, and which are attributable to, the Mortgagor's interest, now owned or hereafter acquired, in and to the Oil and Gas Properties, or are allocated thereto pursuant to pooling or unitization orders, agreements or designations, and all proceeds therefrom, including, without limitation, all As-Extracted Collateral relating to the Hydrocarbon Interests, the Hydrocarbons and all products obtained or processed therefrom.

(b) Subject to the provisions of subsection (g) below and the Intercreditor Agreement, all parties producing, purchasing, taking, possessing, processing or receiving any Hydrocarbons relating to the Oil and Gas Properties, or having in their possession any such Hydrocarbons, or the proceeds therefrom, for which they or others are accountable to the Mortgagee by virtue of the provisions of this Section 3.1, are authorized and directed by Mortgagor to treat and regard the Mortgagee as the assignee and transferee of the Mortgagor and entitled in its place and stead to receive such Hydrocarbons and the proceeds therefrom.

(c) Subject to the provisions of subsection (g) below and the Intercreditor Agreement, the Mortgagor directs and instructs each of such parties to pay to the Mortgagee, for its benefit and the ratable benefit of the other Secured Parties, all of the proceeds of the Hydrocarbons until such time as such party has been furnished evidence that all Obligations (other than contingent indemnification obligations that expressly survive the termination of this Mortgage for which no notice of claim has been received by the Mortgagor) have been fully and finally discharged; provided, however that, but subject in all respects to Clause 20 (*Project Accounts*) of the Senior Facility Agreement, until the Mortgagee shall have exercised the rights as herein provided to instruct such parties to deliver the Hydrocarbons and all proceeds



therefrom directly to the Mortgagee, such parties shall be entitled to deliver the Hydrocarbons and all proceeds therefrom to the Mortgagor for the Mortgagor's use and enjoyment, and the Mortgagor shall be entitled to execute division orders, transfer orders and other instruments as may be required to direct all proceeds to the Mortgagor without the necessity of joinder by the Mortgagee in such division orders, transfer orders or other instruments. In order to have said revenues and proceeds so paid to the Mortgagee in accordance with the preceding sentence, the Mortgagor agrees to perform all such acts, and to execute all such further assignments, transfers and division orders, and other instruments as may be reasonably required or desired by the Mortgagee, any Secured Party, or any party producing, purchasing, taking, possessing, processing or receiving any production from the Oil and Gas Properties, or having in their possession any such production, or the proceeds therefrom, for which they or others are accountable to the Mortgagee by virtue of the provisions of this Section 3.1. None of such parties shall have any responsibility for the application of any such proceeds received by the Mortgagee. Subject to the provisions of subsection (g) below and the Intercreditor Agreement, the Mortgagor authorizes the Mortgagee to receive and collect all proceeds of the Hydrocarbons.

(d) Subject to the provisions of subsection (g) below and the Intercreditor Agreement, the Mortgagee may endorse and cash any and all checks and drafts payable to the order of the Mortgagor or the Mortgagee for the account of the Mortgagor, received from or in connection with the proceeds of the Hydrocarbons affected hereby, and the same may be applied as provided herein. The Mortgagee may execute any transfer or division orders in the name of the Mortgagor or otherwise, with warranties and indemnities binding on the Mortgagor; provided that the Mortgagee shall not be held liable to the Mortgagor for, nor be required to verify the accuracy of, the Mortgagor's interests as represented therein.

(e) Subject to the provisions of subsection (g) below and the Intercreditor Agreement, the Mortgagor will execute and deliver to the Mortgagee any instruments the Mortgagee may from time to time request for the purpose of effectuating this assignment and the payment to the Mortgagee of the proceeds assigned.

(f) Neither the foregoing assignment nor the exercise by the Mortgagee of any of its rights herein shall be deemed to make the Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof, unless and until the Mortgagee, in person or by agent, assumes actual possession thereof, nor shall appointment of a receiver for the Oil and Gas Properties by any court at the request of the Mortgagee or by agreement with the Mortgagor or the entering into possession of the Oil and Gas Properties or any part thereof by such receiver be deemed to make the Mortgagee a "mortgagee-in-possession" or otherwise responsible or liable in any manner with respect to the Oil and Gas Properties or the use, occupancy, enjoyment or operation of all or any portion thereof.

(g) Notwithstanding anything to the contrary contained herein, so long as no Enforcement Date shall have occurred, but subject in all respects to Clause 20 (*Project Accounts*) of the Senior Facility Agreement, the Mortgagor shall have the right to collect all revenues and proceeds attributable to the Hydrocarbons that accrue to the Oil and Gas Properties or the products obtained or processed therefrom, as well as any Security and security interests securing any sales of said Hydrocarbons and to retain, use and enjoy same. Unless an Enforcement Date

has occurred, the Mortgagee agrees it will not (i) seek to enforce any rights granted to it under this Article III, (ii) send to any production purchasers any transfer notices or letters in lieu of transfer orders that the Mortgagor may have executed and delivered to the Mortgagee in connection with this Mortgage, nor (iii) otherwise demand payment of or receive any Hydrocarbons or proceeds of Hydrocarbons.

(h) Subject to the provisions of subsection (g) above and the Intercreditor Agreement, the Mortgagee shall have the right at the Mortgagee's election and in the name of the Mortgagor, or otherwise, to prosecute and defend any and all actions or legal proceedings deemed advisable by the Mortgagee in order to collect such proceeds and to protect the interests of the Mortgagee or the Mortgagor, with all costs, expenses and attorneys fees incurred in connection therewith being paid by the Mortgagor. In addition, should any purchaser taking production from the Oil and Gas Properties fail to pay promptly to the Mortgagee in accordance with this Article, the Mortgagee shall have the right to demand (in addition to all other remedies available under Louisiana law) on and from an Enforcement Date, a change of connection and to designate another purchaser with whom a new connection may be made without any liability on the part of the Mortgagee in making such election, so long as ordinary care is used in the making thereof, and upon failure of the Mortgagor to consent to such change of connection, the entire amount of all the Obligations may, at the option of the Mortgagee, be immediately declared to be due and payable and subject to foreclosure or other remedies hereunder.

(i) Without in any way limiting the effectiveness of the foregoing provisions, if the Mortgagor receives any proceeds which under this Section 3.1 are payable to the Mortgagee, the Mortgagor shall hold the same in trust and remit such proceeds, or cause them to be remitted, immediately, to the Mortgagee.

Section 3.2 Application of Proceeds. All payments received by the Mortgagee pursuant to this Article III attributable to the interest of the Mortgagor in and to the Hydrocarbons shall be applied in accordance with Section 16 of the Intercreditor Agreement.

Section 3.3 Mortgagor's Payment Duties. Except as provided in Section 7.18 hereof, nothing contained herein will limit the Mortgagor's absolute duty to make payment of the Obligations regardless of whether the proceeds assigned by this Article III are sufficient to pay the same, and the receipt by the Mortgagee of proceeds from Hydrocarbons under this Mortgage will be in addition to all other security now or hereafter existing to secure payment of the Obligations.

Section 3.4 Liability of Mortgagee. The Mortgagee is hereby absolved from all liability for failure to enforce collection of any of such proceeds, and from all other responsibility in connection therewith except the responsibility to account to the Mortgagor for proceeds actually received by the Mortgagee.

Section 3.5 Actions to Effect Assignment. Subject to the provisions of Section 3.1(g), the Mortgagor covenants to cause all operators, pipeline companies, production purchasers and other remitters of said proceeds to pay promptly to the Mortgagee the proceeds from the Hydrocarbons in accordance with the terms of this Mortgage, and to execute, acknowledge and deliver to said remitters such division orders, transfer orders, certificates and other documents as

may be necessary, requested or proper to effect the intent of this assignment; and the Mortgagee shall not be required at any time, as a condition to its right to obtain the proceeds the Hydrocarbons, to warrant its title thereto or to make any guaranty whatsoever. In addition, at the request of the Mortgagee, the Mortgagor covenants to provide to the Mortgagee the name and address of every such remitter of proceeds from the Hydrocarbons, together with a copy of the applicable division orders, transfer orders, sales contracts and governing instruments. All expenses incurred by the Mortgagee in the collection of said proceeds shall be repaid promptly by the Mortgagor; and prior to such repayment, such expenses shall be a part of the Obligations secured hereby. If under any existing Contracts for the sale of Hydrocarbons, other than division orders or transfer orders, any proceeds of Hydrocarbons are required to be paid by the remitter directly to the Mortgagor so that under such existing Contracts payment cannot be made of such proceeds to the Mortgagee in the absence of foreclosure, the Mortgagor's interest in all proceeds of Hydrocarbons under such existing Contracts shall, when received by the Mortgagor, constitute trust funds in the Mortgagor's hands for the benefit of the Mortgagee (for its benefit and for the benefit of the other Secured Parties), and shall be immediately paid over to the Mortgagee.

Section 3.6 Power of Attorney. Without limitation upon any of the foregoing, the Mortgagor hereby irrevocably designates and appoints the Mortgagee as true and lawful agent and attorney-in-fact (with full power of substitution, either generally or for such periods or purposes as the Mortgagee may from time to time prescribe), with full power and authority, for and on behalf of and in the name of the Mortgagor, to, on and after an Enforcement Date, execute, acknowledge and deliver all such division orders, transfer orders, certificates and other documents of every nature, with such provisions as may from time to time, in the opinion of the Mortgagee, be necessary or proper to effect the intent and purpose of the assignment contained in this Article III; and the Mortgagor shall be bound thereby as fully and effectively as if the Mortgagor had personally executed, acknowledged and delivered any of the foregoing orders, certificates or documents. The powers and authorities herein conferred on the Mortgagee may be exercised by the Mortgagee through any person who, at the time of exercise, is the president, a senior vice president or a vice president of the Mortgagee. The power of attorney conferred by this Section 3.6 is granted for valuable consideration and coupled with an interest and is irrevocable until all Obligations (other than contingent indemnification obligations that expressly survive the termination of this Mortgage for which no notice of claim has been received by the Mortgagor) have been fully and finally discharged. Any person dealing with the Mortgagee, or any substitute, shall be fully protected in relying upon any demand for payment of proceeds of the Hydrocarbons without the need to confirm whether an Enforcement Date has occurred and by treating the powers and authorities conferred by this Section 3.6 as continuing in full force and effect until advised by the Mortgagee that all Obligations (other than contingent indemnification obligations that expressly survive the termination of this Mortgage for which no notice of claim has been received by the Mortgagor) have been fully and finally discharged.

#### ARTICLE 4

#### COVENANTS, REPRESENTATIONS, WARRANTIES AND AGREEMENTS OF MORTGAGOR

Section 4.1 Representations and Warranties. The Mortgagor represents and warrants as follows:

(a) *Title to Collateral.* The Mortgagor is the legal and beneficial owner of the Collateral (other than the Leases) secured, or purported to be secured, hereby, free from any Security (other than the Security created hereunder and any Permitted Security). The Mortgagor has good and defensible title, as is customary in the oil and gas industry, to all of its Leases free and clear of all Security except for Permitted Security. The descriptions set forth in Exhibit A of the quantum and nature of the interests of the Mortgagor in and to the Oil and Gas Properties include the entire interests of the Mortgagor in the Oil and Gas Properties and are complete and accurate in all respects. This Mortgage is and will remain a valid and enforceable Security on the Collateral subject only to the exceptions referred to above. The Mortgagor will preserve its interest in and title to the Collateral and will forever warrant and defend the same to the Mortgagee and will forever warrant and defend the validity and priority of the lien hereof against the claims of all persons and parties whomsoever, in each case subject to Permitted Security.

(b) *Production Burdens, Expenses and Revenues.* All rentals, royalties, overriding royalties, shut-in royalties and other payments due under or with respect to the Oil and Gas Properties have been properly and timely paid, except for payments held in suspense in the ordinary course of business or remitted to state agencies responsible for handling unclaimed property. All expenses payable under the terms of the Contracts have been properly and timely paid except for such expenses being contested in good faith by appropriate proceedings, and for which reserves shall have been made therefore and except for such expenses as are being currently paid prior to delinquency in the ordinary course of business. All of the proceeds from the sale of Hydrocarbons produced from the Realty Collateral are being properly and timely paid to the Mortgagor by the purchasers or other remitters of production proceeds without suspense.

(c) *Mortgagor's Address.* The address of the Mortgagor's place of business, chief executive office and office where the Mortgagor keeps its records concerning accounts, contract rights and general intangibles is as set forth in Section 7.12, and there has been no change in the location of the Mortgagor's place of business, chief executive office and office where it keeps such records and no change of the Mortgagor's name during the four months immediately preceding the Effective Date.

(d) *Net Revenue and Cost Bearing Interest.* With respect to each well listed on Exhibit A hereto which comprises a part of the Collateral, the Mortgagor's ownership of such Collateral does and will, with respect to each such well (whether such well is presently unitized or is presently producing on a lease basis) (i) entitle the Mortgagor to receive (subject to the terms and conditions of this Mortgage) a decimal share of the Hydrocarbons produced from, or allocated to, such well equal to not less than the decimal share set forth on Exhibit A in connection with such well under the column on Exhibit A designated by the words "Net Revenue Interest", the abbreviation "NRI", or words or abbreviations of similar import, and (ii) cause the Mortgagor to be obligated to bear a decimal share of the cost of exploration, development, and operation of such well not greater than the decimal share set forth in Exhibit A in connection with such well under the column on Exhibit A designated by the words "Operating Interest" or "Working Interest", the abbreviation "WI", or words or abbreviations of similar import (unless there is a corresponding increase in the Net Revenue Interest). The shares of production which the Mortgagor is entitled to receive and the shares of expenses which the Mortgagor is obligated to bear are not, and will not be, subject to change other than changes which (i) arise pursuant to

non-consent provisions of operating agreements in connection with operations proposed after the Effective Date, or (ii) are expressly described on Exhibit A.

Section 4.2 **Covenants**.

(a) *Waiver of Offset.*

(i) The Mortgagor waives any and all right to claim or recover against the Mortgagee and its Related Parties (as defined in the Senior Facility Agreement), for loss of or damage to the Mortgagor, the Oil and Gas Properties, Mortgagor's property or the property of others under the Mortgagor's control from any cause insured against or required to be insured against by the provisions of this Mortgage.

(ii) All payments to be made by the Mortgagor hereunder shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim, and the obligations and liabilities of the Mortgagor hereunder shall in no way be released, discharged or otherwise affected (except as expressly provided herein) by reason of: (A) any damage to or destruction of or any condemnation or similar taking of the Collateral or any part thereof; (B) any restriction or prevention of or interference by any third party with any use of the Collateral or any part thereof; (C) any title defect or encumbrance or any eviction from the Realty Collateral or any part thereof by title paramount or otherwise; (D) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceeding relating to the Mortgagee or any guarantor of any secured obligation, or any action taken with respect to this Mortgage by any trustee or receiver of the Mortgagee, or by any court, in any such proceeding; (E) any claim which the Mortgagor has or might have against the Mortgagee; (F) any default or failure on the part of the Mortgagee to perform or comply with any of the terms hereof or of any other agreement with the Mortgagor; or (G) any other occurrence whatsoever, whether similar or dissimilar to the foregoing; whether or not Mortgagor shall have notice or knowledge of any of the foregoing.

(b) *Actions By Mortgagee to Preserve Collateral.* The Mortgagee may from time-to-time, at its option but at the Mortgagor's expense, perform any act which the Mortgagor agrees hereunder to perform and which the Mortgagor shall fail to perform after being requested in writing so to perform (it being understood that no such request need to be given on and after an Enforcement Date and after notice thereof by the Mortgagee to the Mortgagor). In connection therewith (without limiting its general powers, whether conferred herein, in another Finance Document or by law), on and after an Enforcement Date, the Mortgagee shall have and is hereby given the right, but not the obligation, (i) to enter upon and take possession of the Collateral (to the extent not prohibited by applicable law); (ii) to make additions, alterations, repairs and improvements to the Collateral which it may consider necessary or proper to keep the Collateral in good condition and repair (to the extent not prohibited by applicable law); (iii) to appear and participate in any action or proceeding affecting or which may affect the security hereof or the rights or powers of the Mortgagee; (iv) to pay, purchase, contest or compromise any encumbrance, claim, charge, lien or debt which in the judgment of the Mortgagee may affect or

appears to affect the security of this Mortgage or be prior or superior hereto; and (v) in exercising such powers, to pay necessary expenses, including attorneys' fees and costs or other necessary or desirable consultants (subject to Clause 19 (*Costs and Expenses*) of the Senior Facility Agreement). The Mortgagee shall provide notice to the Mortgagor of any action taken under this Section 4.2(b); *provided* the failure to provide such notice shall not be construed as a waiver of any rights of the Mortgagee provided under this Mortgage or applicable law. The Mortgagor shall, within ten (10) Business Days (as defined in the Senior Facility Agreement) of demand, pay to the Mortgagee for its benefit or the benefit of any Receiver or Delegate, an amount equal to all respective costs and expenses incurred by such party in connection with the exercise of the foregoing rights, including, without limitation, costs of evidence of title, court costs, appraisals, surveys and receiver's, trustee's and attorneys' fees, together with interest thereon from the date of such expenditures at the Reimbursement Rate.

(c) *Mortgagee's Powers.* Without affecting the liability of any other person liable for the payment of any obligation herein mentioned, and without affecting the lien or charge of this Mortgage upon any portion of any Realty Collateral not then or theretofore released as security for the full amount of all unpaid obligations, the Mortgagee may, from time to time and without notice (i) release any person so liable, (ii) extend the maturity or alter any of the terms of any such obligation, (iii) grant other indulgences, (iv) release or reconvey, or cause to be released or reconveyed at any time at the Mortgagee's option any parcel, portion or all of the Collateral, (v) take or release any other or additional security from any person (other than the Mortgagor) for any obligation herein mentioned, or (vi) make compositions or other arrangements with debtors in relation thereto.

#### Section 4.3 **Further Assurances.**

(a) Mortgagor covenants that Mortgagor shall execute and deliver such other and further instruments, and shall do such other and further acts as in the opinion of Mortgagee may be necessary or reasonably advisable to carry out more effectively the purposes of this Mortgage, including, without limiting the generality of the foregoing, (i) prompt correction of any defect in the execution or acknowledgement of this Mortgage, any written instrument comprising part or all of the Obligations, or any other document used in connection herewith; and (ii) prompt execution and delivery of any supplements, amendments or amendments and restatements to this Mortgage or of new mortgages required by the Senior Facility Agreement or any other Finance Document.

(b) Mortgagor covenants that Mortgagor shall maintain and preserve the security interest herein created as an Acceptable Security Interest, subject only to Permitted Security, until all Obligations (other than contingent indemnification obligations that expressly survive the termination of this Mortgage for which no notice of claim has been received by the Mortgagor) have been fully and finally discharged.

(c) The Mortgagor shall pay all filing, registration and recording fees and all refiling, re-registration and re-recording fees, and all other expenses incident to the execution and acknowledgment of this Mortgage, any assurance, and all federal, state, parish and municipal stamp taxes and other taxes, duties, imports, assessments and charges arising out of or in

connection with the execution and delivery of this Mortgage, any agreement supplemental hereto, any financing statements, and any instruments of further assurance.

(d) The Mortgagor shall promptly notify the Mortgagee of any change in the address of the Mortgagor's place of business or, if the Mortgagor has more than one place of business, the chief executive office of the Mortgagor and the office where the Mortgagor keeps its records concerning accounts, contract rights and general intangibles.

Section 4.4 **Operation of the Collateral.** As long as all Obligations (other than contingent indemnification obligations that expressly survive the termination of this Mortgage for which no notice of claim has been received by the Mortgagor) have not been fully and finally discharged, the Mortgagor shall and, in connection with Oil and Gas Properties of which the Mortgagor is not the operator, shall use commercially reasonable endeavors to cause the operator of such Oil and Gas Properties to (in each case, at the Mortgagor's own expense) to: (a) neither abandon, forfeit, surrender, release, sell, assign, sublease, farmout or convey, nor agree to sell, assign, sublease, farmout or convey, nor mortgage or grant security interests in, nor otherwise dispose of or encumber any of the Collateral or any interest therein, except as not prohibited by the Senior Facility Agreement and (b) maintain the Oil and Gas Properties in full force and effect and to obtain orders for suspensions of production and suspensions of operations to the extent necessary or reasonably advisable to maintain the Oil and Gas Properties.

Section 4.5 **Recording.** The Mortgagor hereby authorizes the Mortgagee to, at the Mortgagor's own expense, record, register, deposit and file this Mortgage and every other instrument in addition or supplement hereto, including applicable financing statements, in such offices and places within the state where the Collateral is located and in the state where the Mortgagor is registered as a limited liability company and at such times and as often as may be necessary to preserve, protect and renew the Security herein created as an Acceptable Security Interest on real or personal property as the case may be, and otherwise shall do and perform all matters or things necessary or expedient to be done or observed by reason of any law or regulation for the purpose of effectively creating, perfecting, maintaining and preserving the Security created hereby in and on the Collateral.

## ARTICLE 5

### **ENFORCEMENT OF THE SECURITY**

Section 5.1 **Acceleration Upon Default.** Subject to the Intercreditor Agreement, (a) on and at any time after the occurrence of an Event of Default (as defined in the Senior Facility Agreement) (other than an Event of Default arising pursuant to Clause 26.7 (*Insolvency*) of the Senior Facility Agreement), the Mortgagee may, or shall if so directed by the Majority Lenders (as defined in the Senior Facility Agreement), take any action set forth in Clause 27.1 (*Acceleration*) of the Senior Facility Agreement and (b) upon the occurrence of an Event of Default arising pursuant to Clause 26.7 (*Insolvency*) of the Senior Facility Agreement, all actions pursuant to Clause 27.2 (*Automatic Acceleration*) of the Senior Facility Agreement shall occur.



## ARTICLE 6

### RIGHTS TO REALTY COLLATERAL UPON OCCURRENCE OF AN ENFORCEMENT DATE.

#### Section 6.1 Rights to Realty Collateral Upon Occurrence of an Enforcement Date.

(a) *Operation of Property by Mortgagee.* Subject to the Intercreditor Agreement, on and from an Enforcement Date, subject to applicable law, and in addition to all other rights of the Mortgagee, the Mortgagee shall have the following rights and powers (but no obligation), to the extent not prohibited by applicable law:

(i) To enter upon and take possession of any of the Realty Collateral and exclude the Mortgagor therefrom;

(ii) To hold, use, administer, manage and operate the Realty Collateral to the extent that the Mortgagor could do so, and without any liability to the Mortgagor in connection with such operations; and

(iii) To the extent that the Mortgagor could do so, to collect, receive and receipt for all Hydrocarbons produced and sold from the Realty Collateral, to make repairs, to purchase machinery and equipment, to conduct workover operations, to drill additional wells, and to exercise every power, right and privilege of the Mortgagor with respect to the Realty Collateral.

The Mortgagee may designate any person to act on its behalf in exercising the foregoing rights and powers. When all Obligations (other than contingent indemnification obligations that expressly survive the termination of this Mortgage for which no notice of claim has been received by the Mortgagor) have been fully and finally discharged, the Security in the Realty Collateral shall terminate and the Realty Collateral shall be returned to the Mortgagor (providing there has been no foreclosure sale). The Mortgagee in such case shall, and at the expense of the Mortgagor (including all reasonable and documented out-of-pocket attorneys' fees), deliver to the Mortgagor proper documents, certificates or instruments acknowledging satisfaction and reconveyance of this Mortgage. The Mortgagee shall not be responsible for any recording fees.

(b) *Judicial Proceedings.* Subject to the Intercreditor Agreement, on and from an Enforcement Date, subject to applicable law, the Mortgagee, in lieu of or in addition to exercising the power of sale hereafter given, may proceed by a suit or suits, in equity or at law (i) for the specific performance of any covenant or agreement herein contained or in aid of the execution of any power herein granted, (ii) for the appointment of a receiver whether there is then pending any foreclosure hereunder or the sale of the Realty Collateral, or (iii) for the enforcement of any other appropriate legal or equitable remedy; and further, in lieu of the non-judicial power of sale granted herein for Collateral located in the State of Louisiana, the Mortgagee may proceed by suit for a judicial sale of the Realty Collateral.

(c) *Foreclosure by Private Power of Sale of Collateral.* Subject to the Intercreditor Agreement, on and from an Enforcement Date, to the extent not prohibited by applicable law, the Mortgagee shall have the right and power to sell, as the Mortgagee may elect,

all or a portion of the Collateral at one or more sales as an entirety or in parcels, in accordance with and as permitted by any applicable state law. The Mortgagor hereby designates as the Mortgagor's address for the purpose of notice the address set out in Section 7.12; provided that the Mortgagor may by written notice to the Mortgagee designate a different address for notice purposes. Any purchaser or purchasers will be provided with a special warranty conveyance binding the Mortgagor and the Mortgagor's successors and assigns. Sale of a part of the Realty Collateral will not exhaust the power of sale, and sales may be made from time to time until all of the Realty Collateral is sold or all Obligations (other than contingent indemnification obligations that expressly survive the termination of this Mortgage for which no notice of claim has been received by the Mortgagor) have been fully and finally discharged. The Mortgagee will have the authority to appoint an attorney-in-fact to act as trustee in conducting the foreclosure sale and executing a deed to the purchaser or purchasers.

(d) *Certain Aspects of Sale.* Subject to the Intercreditor Agreement, on and from an Enforcement Date, subject to applicable law, the Mortgagee will have the right to become the purchaser at any foreclosure sale and to credit the then outstanding balance of the Obligations against the amount payable by Mortgagee as purchaser at such sale. Statements of fact or other recitals contained in any conveyance to any purchaser or purchasers at any sale made hereunder will conclusively establish the occurrence of an Enforcement Date, any acceleration of the maturity of the Obligations, the advertisement and conduct of such sale in the manner provided herein, the appointment of any successor-Mortgagee hereunder and the truth and accuracy of all other matters stated therein. The Mortgagor does hereby ratify and confirm all legal acts that the Mortgagee may do in carrying out the Mortgagee's duties and obligations under this Mortgage, and Mortgagor hereby irrevocably appoints the Mortgagee to be the attorney-in-fact of the Mortgagor and in the name and on behalf of the Mortgagor to execute and deliver any deeds, transfers, conveyances, assignments, assurances and notices which the Mortgagor ought to execute and deliver and do and perform any and all such acts and things which the Mortgagor ought to do and perform under the covenants herein contained and generally to use the name of the Mortgagor in the exercise of all or any of the powers hereby conferred on the Mortgagee. Upon any sale, whether under the power of sale hereby given or by virtue of judicial proceedings, it shall not be necessary for the Mortgagee or any public officer acting under execution or by order of court, to have physically present or constructively in his possession any of the Collateral, and the Mortgagor hereby agrees to deliver to the purchaser or purchasers at such sale on the date of sale the Collateral purchased by such purchasers at such sale and if it should be impossible or impracticable to make actual delivery of such Collateral, then the title and right of possession to such Collateral shall pass to the purchaser or purchasers at such sale as completely as if the same had been actually present and delivered.

(e) *Receipt to Purchaser.* Upon any sale made under the power of sale herein granted, the receipt of the Mortgagee will be sufficient discharge to the purchaser or purchasers at any sale for its purchase money, and such purchaser or purchasers will not, after paying such purchase money and receiving such receipt of the Mortgagee, be obligated to see to the application of such purchase money or be responsible for any loss, misapplication or non-application thereof.

(f) *Effect of Sale.* Any sale or sales of the Realty Collateral will operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Mortgagor

in and to the Realty Collateral sold, and will be a perpetual bar, both at law and in equity, against the Mortgagor, the Mortgagor's successors or assigns, and against any and all persons claiming or who shall thereafter claim all or any of the Realty Collateral sold by, through or under the Mortgagor, or the Mortgagor's successors or assigns. Nevertheless, if requested by the Mortgagee so to do, the Mortgagor shall join in the execution and delivery of all proper conveyances, assignments and transfers of the Property so sold. The purchaser or purchasers at the foreclosure sale will receive as incident to his, her, its or their own ownership, immediate possession of the Realty Collateral purchased and the Mortgagor agrees that if the Mortgagor retains possession of the Realty Collateral or any part thereof subsequent to such sale, the Mortgagor will be considered a tenant at sufferance of the purchaser or purchasers and will be subject to eviction and removal by any lawful means, with or without judicial intervention, and all damages by reason thereof are hereby expressly waived by the Mortgagor.

(g) *Application of Proceeds.* The proceeds of any sale of the Realty Collateral or any part thereof, whether under the power of sale herein granted and conferred or by virtue of judicial proceedings, shall be applied in the order set forth in the Intercreditor Agreement.

(h) *Mortgagor's Waiver of Appraisal and Marshalling.* The Mortgagor agrees, to the full extent that the Mortgagor may lawfully so agree, that the Mortgagor will not at any time insist upon or plead or in any manner whatever claim the benefit of any appraisal, valuation, stay, extension or redemption law, now or hereafter in force, in order to prevent or hinder the enforcement or foreclosure of this Mortgage, the absolute sale of the Collateral, including the Realty Collateral, or the possession thereof by any purchaser at any sale made pursuant to this Mortgage or pursuant to the decree of any court of competent jurisdiction; and the Mortgagor, for the Mortgagor and all who may claim through or under the Mortgagor, hereby waives the benefit of all such laws and, to the extent that the Mortgagor may lawfully do so under any applicable law, any and all rights to have the Collateral, including the Realty Collateral, marshaled upon any foreclosure of the Security hereof or sold in inverse order of alienation. The Mortgagor agrees that the Mortgagee may sell the Collateral, including the Realty Collateral, in part, in parcels or as an entirety as directed by the Mortgagee.

(i) *Applicable Law.* If any law referred to herein and now in force, of which the Mortgagor or its successor or successors might take advantage despite the provisions hereof, shall hereafter be repealed or cease, to be in force, such law shall not thereafter be deemed to constitute any part of the contract herein contained or to preclude the operation or application of the provisions hereof. The rights and remedies of the Mortgagee provided by this Section 6.1 are limited to extent provided by applicable law.

(j) *Other Waivers.* The Mortgagee may resort to any Security given by this Mortgage or to any other Security now existing or hereafter given to secure the payment of any of the Obligations secured hereby, in whole or in part, and in such portions and in such order as may seem best to the Mortgagee in its sole and absolute discretion, and any such action shall not in any manner be considered as a waiver of any of the rights, benefits or Transaction Security created by this Mortgage.

(k) *Executory Process.*

(i) The Mortgagor for itself, its successors and assigns does by these presents agree and stipulate that, on and after an Enforcement Date, it shall be lawful for and the Mortgagor does hereby authorize the Mortgagee without making a demand or putting in default, putting in default being expressly waived, to cause all and singular the Collateral to be seized and sold by executory or other legal process without appraisal (appraisal being hereby expressly waived) either in its entirety or in lots, or parcels as the Mortgagee may determine to the highest bidder for cash or on such terms as the Mortgagee may direct, the Mortgagor for itself, its successors and assigns hereby confessing judgment for the full amount of the Obligations secured and to be secured hereby, whether now existing or arising hereafter.

(ii) The Mortgagor hereby expressly waives: (a) the benefit of appraisal as provided in Louisiana Code of Civil Procedure Articles 2332, 2336, 2723 and 2724, and all other laws conferring the same; (b) the three days delay provided by Louisiana Code of Civil Procedure Articles 2331 and 2772; and (c) the benefit of the other provisions of Louisiana Code of Civil Procedure Articles 2331, 2722 and 2723, not specifically mentioned above.

Section 6.2 **Rights to Personalty Collateral Upon an Enforcement Date.** Subject to the Intercreditor Agreement, on and from an Enforcement Date, subject to applicable law, the Mortgagee may proceed against the Personalty Collateral in accordance with the rights and remedies granted herein with respect to the Realty Collateral, or will have all rights and remedies granted by the UCC (La. Rev. Stat. 10:9-101 et seq) as amended, modified or succeeded, and under all other applicable laws of Louisiana and this Mortgage. The Mortgagee shall have the right to take possession of the Personalty Collateral, and for this purpose the Mortgagee may enter upon any premises on which any or all of the Personalty Collateral is situated and, to the extent that the Mortgagor could do so, take possession of and operate the Personalty Collateral or remove it therefrom. The Mortgagee may require the Mortgagor to assemble the Personalty Collateral and make it available to the Mortgagee at a place to be designated by the Mortgagee which is reasonably convenient to both parties. Unless the Personalty Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Mortgagee will send the Mortgagor reasonable notice of the time and place of any public sale or of the time after which any private sale or other disposition of the Personalty Collateral is to be made. This requirement of sending reasonable notice will be met if such notice is mailed after default, postage prepaid, to the Mortgagor at the address designated in Section 7.12 hereof (or such other address as has been designated as provided herein) at least ten days before the earliest time of the sale or disposition set forth in the notice. In addition to the expenses of retaking, holding, preparing for sale, selling and the like, the Mortgagee will be entitled to recover attorney's fees and legal expenses as provided for in this the Mortgage and in the writings evidencing the Obligations before applying the balance of the proceeds from the sale or other disposition toward satisfaction of the Obligations. The Mortgagor will remain liable for any deficiency remaining after the sale or other disposition. The Mortgagor hereby consents and agrees that any disposition of all or a part of the Collateral may be made without warranty of any kind whether expressed or implied. The rights and remedies of the Mortgagee provided by this Section 6.2 are limited to extent provided by applicable law.

Section 6.3 **Rights to Fixture Collateral Upon Enforcement Date.** Subject to the Intercreditor Agreement, on and from an Enforcement Date, subject to applicable law, the Mortgagee may elect to treat the Fixture Collateral as either Realty Collateral or as Personalty Collateral (but not both) and proceed to exercise such rights as apply to the type of Collateral selected.

Section 6.4**Other Rights.** In addition to the rights as described in Sections 6.1, 6.2 and 6.3, subject to the Intercreditor Agreement, on and from an Enforcement Date, Mortgagee may take such other action, without notice or demand, as it deems advisable to protect and enforce its rights against the Mortgagor and in and to the Collateral, including the following actions, each of which may be pursued concurrently or otherwise, at such time and in such order as the Mortgagee may determine, in its sole discretion, without impairing or otherwise affecting the other rights and remedies of the Mortgagee: (a) institute proceedings for the complete foreclosure of this Mortgage in which case the Collateral or any part thereof may be sold for cash or upon credit in one or more portions; or (b) to the extent permitted and pursuant to the procedures provided by applicable law, institute proceedings for the partial foreclosure of this Mortgage for the portion of the Obligations then due and payable, subject to the continuing Security of this Mortgage for the balance of the Obligations not then due; or (c) institute an action, suit or proceeding in equity for the specific performance of any covenant, condition or agreement contained in this Mortgage; or (d) apply for the appointment of a trustee, receiver, liquidator or conservator of the Collateral, without regard for the adequacy of the security for the Obligations and without regard for the solvency of the Mortgagor or of any person liable for the payment of the Obligations; or (e) pursue such other remedies as the Mortgagee may have under applicable law. The rights and remedies of the Mortgagee provided by this Section 6.4 are limited to the extent provided by applicable law.

Section 6.5 **Keeper.** In the event the Collateral, or any part thereof, is seized as an incident to an action for the recognition or enforcement of this Mortgage by executory process, ordinary process, sequestration, writ of fieri facias or otherwise, the Mortgagor and the Mortgagee agree that the court issuing any such order shall, if petitioned for by the Mortgagee, direct the applicable sheriff to appoint as a keeper of the Collateral, the Mortgagee or any agent designated by the Mortgagee or any person named by the Mortgagee at the time such seizure is effected. This designation is pursuant to Louisiana Revised Statutes 9:5131-5135 and 9:5136-5140.2, inclusive, as the same may be amended, and the Mortgagee shall be entitled to all the rights and benefits afforded thereunder. It is hereby agreed that the keeper shall be entitled to receive as compensation, in excess of its reasonable costs and expenses incurred in the administration or preservation of the Collateral, an amount equal to five (5%) percent of the gross revenues of the Collateral, which shall be included as indebtedness secured by this Mortgage. The designation of keeper made herein shall not be deemed to require the Mortgagee to provoke the appointment of such a keeper. The rights and remedies of the Mortgagee provided by this Section 6.5 are limited to the extent provided by applicable law.

Section 6.6**Account Debtors.** The Mortgagee may, in its discretion, subject to the Intercreditor Agreement, on and from an Enforcement Date, subject to applicable law, (a) notify any account debtor on any accounts constituting Collateral to make payments directly to the Mortgagee, (b) instruct any party described in Section 3.1(b) to deliver all Hydrocarbons assigned to the Mortgagee as described in Section 3.1(a) and all proceeds therefrom directly to

the Mortgagee, and (c) contact such account debtors and other parties directly to verify information furnished by the Mortgagor with respect to such account debtors and such accounts. The Mortgagee shall not have any obligation to preserve any rights against prior parties.

Section 6.7 **Costs and Expenses.** The Mortgagor agrees that this Mortgage and its contents are subject to the provisions set forth in Clauses 11 (*Interest*), 19 (*Cost and Expenses*) and 38 (*Set-off*) of the Senior Facility Agreement, and all such provisions are hereby incorporated herein by reference, *mutatis mutandis*, and made applicable to this Mortgage as if set forth in full herein.

## **ARTICLE 7** **MISCELLANEOUS**

Section 7.1 **Advances by Mortgagee.** Each and every covenant of the Mortgagor herein contained shall be performed and kept by the Mortgagor solely at the Mortgagor's expense. If the Mortgagor fails to perform or keep any of the covenants of whatsoever kind or nature contained in this Mortgage, the Mortgagee (either by it directly or any receiver appointed hereunder) may, but will not be obligated to, make advances to perform the same on the Mortgagor's behalf, and the Mortgagor hereby agrees to repay such sums and any attorney's fees incurred in connection therewith on demand plus interest thereon from the date of the advance until reimbursement of the Mortgagee at the Reimbursement Rate. In addition, the Mortgagor hereby agrees to repay on demand any costs, expenses and attorney's fees incurred by the Mortgagee which are to be obligations of the Mortgagor pursuant to, or allowed by, the terms of this Mortgage, including, without limitation, such costs, expenses and attorney's fees incurred pursuant to Section 3.1(h), Section 6.7 or Section 7.2 hereof, plus interest thereon from the date of the advance by the Mortgagee until reimbursement of the Mortgagee at the Reimbursement Rate. Such amounts will be in addition to any sum of money which may, pursuant to the terms and conditions of the written instruments comprising part of the Obligations, be due and owing. No such advance will be deemed to relieve the Mortgagor from any default hereunder.

Section 7.2 **Defeasance or Release.**

(a) If all Obligations (other than contingent indemnification obligations that expressly survive the termination of this Mortgage for which no notice of claim has been received by the Mortgagor) have been fully and finally discharged, then all of the Collateral will revert to the Mortgagor to the extent not otherwise transferred or sold as permitted under applicable legal requirements or under this Mortgage and the entire estate, right, title and interest of the Mortgagee will thereupon cease; and Mortgagee in such case shall, and at the expense of the Mortgagor (including all reasonable and documented out-of-pocket attorneys' fees), deliver to the Mortgagor proper documents, certificates or instruments acknowledging satisfaction and reconveyance of this Mortgage. The Mortgagee shall not be responsible for any recording fees.

(b) Upon any sale or other transfer by the Mortgagor of any Collateral that is not prohibited by the Senior Facility Agreement or upon the effectiveness of any written consent to the release of any Security granted hereby in any Collateral pursuant to Sections 12, 13 or 17 of the Intercreditor Agreement, in each case, the Security in such Collateral shall be automatically released, without delivery of any instrument or performance of any act by Mortgagee or any

other party. In connection with any release pursuant to this paragraph (b), Mortgagee shall, at the expense of the Mortgagor (including all reasonable and documented out-of-pocket attorneys' fees), execute and deliver to the Mortgagor proper documents, certificates and instruments as the Mortgagee may reasonably request to evidence such release. The Mortgagee shall not be responsible for any recording fees.

Section 7.3 **Renewals, Amendments and Other Security.** On and after an Enforcement Date, without notice or consent of the Mortgagor, renewals and extensions of the written instruments constituting part or all of the Obligations may be given at any time and amendments may be made to agreements relating to any part of such written instruments or the Collateral in accordance with their terms. To the extent not prohibited by applicable law, the Mortgagee may take or hold other security for the Obligations without notice to or consent of the Mortgagor. The acceptance of this Mortgage by the Mortgagee shall not waive or impair any other security the Mortgagee may have or hereafter acquire to secure the payment of the Obligations nor shall the taking of any such additional security waive or impair the Transaction Security and security interests herein granted. The Mortgagee may resort first to such other security or any part thereof, or first to the security herein given or any part thereof, or from time to time to either or both, even to the partial or complete abandonment of either security, and such action will not be a waiver of any rights conferred by this Mortgage. This Mortgage may not be amended, waived or modified except in a written instrument executed by both the Mortgagor and the Mortgagee. The provisions of this Section 7.3 are granted to the extent permissible by applicable law.

Section 7.4 **Security Agreement, Financing Statement Covering As-Extracted Collateral and Fixture Filing.** This Mortgage will be deemed to be and may be enforced from time to time as an assignment, contract, financing statement, real estate mortgage, pledge or security agreement, and from time to time as any one or more thereof if appropriate under applicable state law. As a financing statement and as a fixture filing with respect to fixture collateral, and subject to Subsection (4) of Section 9-301 of the UCC (LA. Rev. Stat 10:9-301(4)), as amended, modified or succeeded, this Mortgage is intended to cover all Personalty Collateral including, but not limited to, the Mortgagor's interest in all Collateral, all Hydrocarbons as and after they are extracted, all As-Extracted Collateral, and all accounts arising from the sale thereof at the wellhead. This Mortgage shall be effective as a financing statement filed as a fixture filing with respect to Fixture Collateral included within the Collateral. This Mortgage shall be filed in the mortgage records of the parish or parishes in the state in which any part of the Realty Collateral is located or any parish adjacent to the OCS in which Realty Collateral is located. At the Mortgagee's request, the Mortgagor shall deliver financing statements covering the Personalty Collateral, including all Hydrocarbons sold at the wellhead, and Fixture Collateral, which financing statements may be filed in the UCC records or other appropriate office of the parish or state in which any of the Collateral is located or in any other location permitted or required to perfect the Mortgagee's security interest under the UCC. In addition, the Mortgagor hereby irrevocably authorizes the Mortgagee and any affiliate, employee or agent thereof, at any time and from time to time, to file in any UCC jurisdiction any financing statement or document and amendments thereto, without the signature of the Mortgagor where permitted by law, in order to perfect or maintain the perfection of any security interest granted under this Mortgage and the Mortgagee agrees to promptly provide to the Mortgagor a copy of



any such filing. A photographic or other reproduction of this Mortgage shall be sufficient as a financing statement.

Section 7.5 **Unenforceable or Inapplicable Provisions.** If any term, covenant, condition or provision hereof is invalid, illegal or unenforceable in any respect, the other provisions hereof will remain in full force and effect and will be liberally construed in favor of the Mortgagee in order to carry out the provisions hereof.

Section 7.6 **Rights Cumulative.** Each and every right, power and remedy herein given to the Mortgagee will be cumulative and not exclusive, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Mortgagee and the exercise, or the beginning of the exercise, of any such right, power or remedy will not be deemed a waiver of the right to exercise, at the same time or thereafter, any other right, power or remedy. No delay or omission by the Mortgagee in the exercise of any right, power or remedy will impair any such right, power or remedy or operate as a waiver thereof or of any other right, power or remedy then or thereafter existing.

Section 7.7 **Waiver by Mortgagee.** Any and all covenants in this Mortgage may from time to time by instrument in writing by Mortgagee (acting upon the direction of the Majority Lenders), be waived to such extent and in such manner as the Mortgagee may desire, but no such waiver will ever affect or impair either the Mortgagee's rights hereunder, except to the extent specifically stated in such written instrument.

Section 7.8 **Terms.** The term "Mortgagor" as used in this Mortgage will be construed as singular or plural to correspond with the number of persons executing this Mortgage as Mortgagor. If more than one person executes this Mortgage as Mortgagor, his, her, its, or their duties and liabilities under this Mortgage will be joint and several. The terms "Mortgagee" and "Mortgagor" as used in this Mortgage include the heirs, executors or administrators, successors, representatives, receiver, trustees and assigns of those parties. Unless the context otherwise requires, terms used in this Mortgage which are defined in the UCC are used with the meanings therein defined.

Section 7.9 **Counterparts.** This Mortgage may be executed in any number of counterparts, each of which will for all purposes be deemed to be an original, and all of which are identical except that, to facilitate recordation, in any particular parishes counterpart portions of Exhibit A hereto which describe Properties situated in parishes other than the parishes in which such counterpart is to be recorded may have been omitted.

Section 7.10 **Indemnification.** **MORTGAGOR AGREES THAT THIS MORTGAGE AND ITS CONTENTS ARE SUBJECT TO THE PROVISIONS OF SECTION 21.1 (INDEMNITY TO THE SECURITY AGENT) OF THE INTERCREDITOR AGREEMENT AND ALL SUCH PROVISIONS ARE HEREBY INCORPORATED HEREIN, MUTATIS MUTANDIS, BY REFERENCE AND MADE APPLICABLE TO THIS MORTGAGE AS IF SET FORTH IN FULL HEREIN.**

Section 7.11 **Governing Law.** This Mortgage shall be governed by and construed in accordance with the laws of the State of Louisiana and applicable United States federal law.

Section 7.12 **Notices.** All notices required or permitted to be given by Mortgagor or Mortgagee shall be made in the manner set forth in the Senior Facility Agreement and shall be addressed as follows:

Mortgagor: BOE II Shen LLC  
3 Allen Center  
333 Clay St., Suite 4200  
Houston, Texas 77002  
Attention: Marc Hensel, President and Chief Financial Officer  
Email: mhensel@beaconoffshore.com

Mortgagee: Societe Generale  
245 Park Avenue  
New York, NY 10167  
Attention: Cherie Brathwaite  
Email: us-oper-fin-serv@socgen.com

With a copy to:

White & Case LLP  
609 Main Street, Suite 2900  
Houston, Texas 77002  
Attention: Mark Holmes  
Email: mark.holmes@whitecase.com  
Phone: (713) 496-9715

Section 7.13 **Condemnation.** All awards and payments heretofore and hereafter made for the taking of or injury to the Collateral, or any portion thereof, whether such taking or injury be done under the power of eminent domain or otherwise shall be paid as provided in Section 20.4(a) of the Senior Facility Agreement.

Section 7.14 **Insurance Proceeds.** Pursuant to La. R.S. 9:5386, the Mortgagor hereby agrees and irrevocably pledges to the Mortgagee, for its benefit and the benefit of the Secured Parties, and its successors and assigns, for the purpose of securing the Obligations, but subject to the Finance Documents, the Mortgagor's rights under policies of insurance covering any Collateral, including the right to receive any proceeds attributable insurance loss of such property.

Section 7.15 **No Paraphed Notes.** The Mortgagor acknowledges that no promissory note or other instrument has been presented to the undersigned notary public(s) to be paraphed for identification herewith.

Section 7.16 **Successors and Assigns.**

(a) This Mortgage is binding upon the Mortgagor, the Mortgagor's successors and assigns, and shall inure to the benefit of each Secured Party and each of its successors and assigns (to the extent such successors and assigns constitute Secured Parties), and the provisions hereof shall likewise be covenants running with the land.

(b) Subject to clause (d) below, this Mortgage shall be transferable, with the same force and effect and to the same extent as the Obligations may be transferable, it being understood that, upon the legal transfer or assignment by the Secured Parties (or any of them) of any of the Obligations, the legal holder of such Obligations shall have all of the rights granted to the Mortgagee for the benefit of the Secured Parties under this Mortgage. To the extent permitted by applicable law, the Mortgagor specifically agrees that upon any transfer of all or any portion of the Obligations, this Mortgage shall secure with retroactive rank the existing Obligations of the Mortgagor to the transferee and any and all Obligations to such transferee thereafter arising.

(c) Mortgagor hereby recognizes and agrees that the Secured Parties (or any of them) may, from time to time, one or more times, transfer all or any portion of the Obligations to one or more third parties. Such transfers may include, but are not limited to, sales of participation interests in such Obligations in favor of one or more third parties. Upon any transfer of all or any portion of the Obligations and subject to clause (d) below, the Mortgagee may transfer and deliver any and/or all of its rights in the Collateral to the transferee of such Obligations and such Collateral shall secure any and all of the Obligations in favor of such a transferee then existing and thereafter arising, and after any such transfer has taken place, the Mortgagee shall be fully discharged from any and all future liability and responsibility to the Mortgagor with respect to such Collateral, and transferee thereafter shall be vested with all the powers, rights and duties with respect to such Collateral.

(d) Notwithstanding anything to the contrary contained herein, including the provisions of clauses (b) and (c) above, when any Secured Hedge Bank assigns or otherwise transfers any interest held by it under any Secured Hedge Agreement to any other Person pursuant to the terms of such agreement, that other Person shall thereupon become vested with all the benefits held by such Secured Party under this Mortgage only if such Person is also then a Lender or an Affiliate of a Lender and otherwise meets the requirements set forth in the definition of "Secured Hedge Bank" in the Senior Facility Agreement.

Section 7.17 **Article and Section Headings**. The article and section headings in this Mortgage are inserted for convenience of reference and shall not be considered a part of this Mortgage or used in its interpretation.

Section 7.18 **Usury Not Intended**. It is the intent of the Mortgagor and the Mortgagee in the execution and performance of this Mortgage, the Senior Facility Agreement and the other Finance Documents to contract in strict compliance with applicable usury laws governing the Obligations including such applicable usury laws of the State of Louisiana, the State of New York and the United States of America as are from time-to-time in effect. In furtherance thereof, the Mortgagee and the Mortgagor stipulate and agree that none of the terms and provisions contained in this Mortgage, the Senior Facility Agreement or the other Facility Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or

detention of money, interest at a rate in excess of the maximum non-usurious rate permitted by applicable law and that for purposes hereof "interest" shall include the aggregate of all charges which constitute interest under such laws that are contracted for, charged or received under this Mortgage, the Senior Facility Agreement and the other Facility Documents; and in the event that, notwithstanding the foregoing, under any circumstances the aggregate amounts taken, reserved, charged, received or paid on the Obligations, include amounts which by applicable law are deemed interest which would exceed the maximum non-usurious rate permitted by applicable law, then such excess shall be deemed to be a mistake and the Mortgagee shall credit the same on the principal of the Obligations (or if the Obligations shall have been paid in full, refund said excess to the Mortgagor). In the event that the maturity of the Obligations is accelerated by reason of any election of the Mortgagee resulting from an Event of Default (as defined in the Senior Facility Agreement), or in the event of any required or permitted prepayment, then such consideration that constitutes interest may never include more than the maximum non-usurious rate permitted by applicable law and excess interest, if any, provided for in this Mortgage, the Senior Facility Agreement or other Finance Documents shall be canceled automatically as of the date of such acceleration and prepayment and, if theretofore paid, shall be credited on the Obligations or, if the Obligations shall have been paid in full, refunded to Mortgagor. In determining whether or not the interest paid or payable under any specific contingencies exceeds the maximum non-usurious rate permitted by applicable law, Mortgagor and Mortgagee shall to the maximum extent permitted under applicable law amortize, prorate, allocate and spread in equal part during the period of the full stated term of the Obligations, all amounts considered to be interest under applicable law of any kind contracted for, charged, received or reserved in connection with the Obligation.

Section 7.19 **Defense of Claims**. The Mortgagor shall promptly notify the Mortgagee in writing of the commencement of any legal proceedings affecting the Mortgagor's title to the Collateral or the Mortgagee's Security in the Collateral, or any part thereof, and shall take such action as may be necessary to preserve the Mortgagor's and the Mortgagee's rights affected thereby. If the Mortgagor fails or refuses to adequately or vigorously, in the sole judgment of the Mortgagee, defend the Mortgagor's or the Mortgagee's rights to the Collateral, the Mortgagee may, but shall not be obligated to, take such action on behalf of and in the name of the Mortgagor and at the Mortgagor's expense. Moreover, the Mortgagee may take such independent action in connection therewith as they may in their discretion deem proper, including, without limitation, the right to employ independent counsel and to intervene in any suit affecting the Collateral. All costs, expenses and attorneys' fees incurred by the Mortgagee pursuant to this Section 7.19 or in connection with the defense by the Mortgagee of any claims, demands or litigation relating to the Mortgagor, the Collateral or the transactions contemplated in this Mortgage shall be paid by the Mortgagor on demand plus interest thereon from the date of the advance by the Mortgagee until reimbursement of the Mortgagee, respectively, at the Reimbursement Rate.

Section 7.20 **Conflicts**. To the fullest extent possible, the terms and provisions of the Senior Facility Agreement shall be read together with the terms and provisions of this Mortgage so that the terms and provisions of this Mortgage do not conflict with the terms and provisions of the Senior Facility Agreement; provided, however, notwithstanding the foregoing, in the event that any of the terms or provisions of this Mortgage conflict with any terms or provisions of the Senior Facility Agreement, the terms or provisions of the Senior Facility Agreement, as

applicable, shall govern and control for all purposes; provided that the inclusion in this Mortgage of terms and provisions, supplemental rights or remedies in favor of the Mortgagee not addressed in the Senior Facility Agreement shall not be deemed to be a conflict with the Senior Facility Agreement and all such additional terms, provisions, supplemental rights or remedies contained herein shall be given full force and effect; and provided further that nothing contained in this Section 7.20 shall diminish or preclude the granting of the mortgages, pledges, hypothecations, collateral assignments and security interests in this Mortgage, limit the ability of the Mortgagee to enforce this Mortgage by ordinary or executory process, or otherwise, or detract from the provisions of Section 7.25 hereof.

Section 7.21 **No Offsets, Etc.** The Mortgagor hereby represents, warrants, and covenants to Mortgagee that there are no offsets, counterclaims or defenses at law or in equity against this Mortgage or the indebtedness secured hereby.

Section 7.22 **Bankruptcy Limitation.** Notwithstanding anything contained herein to the contrary, it is the intention of the Mortgagor, the Mortgagee and the other Secured Parties that the amount of the Obligations secured by the Mortgagor's interests in any of its Property shall be in, but not in excess of, the maximum amount permitted by fraudulent conveyance, fraudulent transfer and other similar law, rule or regulation of any Governmental Authority applicable to the Mortgagor. Accordingly, notwithstanding anything to the contrary contained in this Mortgage in any other agreement or instrument executed in connection with the payment of any of the Obligations, the amount of the Obligations secured by the Mortgagor's interests in any of its Property pursuant to this Mortgage shall be limited to an aggregate amount equal to the largest amount that would not render the Mortgagor's obligations hereunder or the Transaction Security granted to the Mortgagee hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provision of any other applicable law.

Section 7.23 **Subject to Intercreditor Agreement.** Notwithstanding anything to the contrary, (a) the Security and security interests granted to the Mortgagee pursuant to this Mortgage are expressly subject to the Intercreditor Agreement and (b) the exercise of any right or remedy by the Mortgagee hereunder is subject to the limitations and provisions of the Intercreditor Agreement. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Mortgage, the terms of the Intercreditor Agreement shall govern; provided that the inclusion in this Mortgage of terms and provisions, supplemental rights or remedies in favor of the Mortgagee not addressed in the Intercreditor Agreement shall not be deemed to be in conflict with the Intercreditor Agreement and all such additional terms, provisions, supplemental rights or remedies contained herein shall be given full force and effect, subject to the terms and conditions of the Intercreditor Agreement; and provided further that nothing contained in this Section 7.23 shall diminish or preclude the granting of the mortgages, pledges, hypothecations, collateral assignments and security interests in this Mortgage, limit the ability of the Mortgagee to enforce this Mortgage by ordinary or executory process, or otherwise, or detract from the provisions of Section 7.25 hereof.

Section 7.24 **Certain Louisiana References.** Each reference to a "lien" will include a reference to a "privilege", "mortgage", "collateral assignment pledge", and/or "security interest", as appropriate. Each reference to an "easement" or "easements" will include a reference to a "servitude" and "servitudes". Each reference to a county will include a reference to a Louisiana

parish. The terms "real property", and "real estate" will mean "immovable property" as that term is used in the Louisiana Civil Code. The term "Personalty Collateral" will mean "movable property" as that term is used in the Louisiana Civil Code. The term "intangible" will mean "incorporeal" as that term is used in the Louisiana Civil Code. Reference to "receiver" shall be deemed to be a keeper appointed by the Mortgagee as provided herein. The term "fee estate" or "fee simple title" will mean "full ownership interest" as that term is used in the Louisiana Civil Code. The term "condemnation" will include "expropriation" as that term is used in Louisiana law. The term "conveyance in lieu of foreclosure" or "action in lieu thereof" will mean "giving in payment" as that term is used in the Louisiana Civil Code and "dation en paiement". The term "joint and several" will include "solidary" as that term is used in the Louisiana Civil Code.

Section 7.25 **Acceptance by Mortgagee**. In accordance with the provisions of Louisiana Civil Code Article 3289, the Mortgagee has accepted the benefits of the Mortgage without the necessity of execution by the Mortgagee. Notwithstanding any reference herein to the Senior Facility Agreement or the Intercreditor Agreement, all persons dealing with the Collateral shall be entitled to rely on any document or certificate of the Mortgagee as to the occurrence of an event, such as an Event of Default (as defined in the Senior Facility Agreement) or an Enforcement Date, and shall not be charged with or forced to review any provision of any other document to determine the accuracy thereof.

**THIS WRITTEN AGREEMENT AND THE OTHER FINANCE DOCUMENTS REPRESENT THE FINAL AGREEMENT AMONG THE PARTIES AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES.**

**THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.**

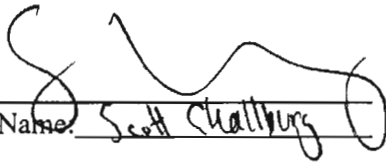
**(SIGNATURE PAGE TO IMMEDIATELY FOLLOW)**

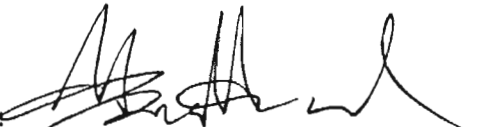
THUS DONE AND PASSED, in multiple originals before me, the undersigned Notary Public in and for the State and County aforesaid, and in the presence of the undersigned competent witnesses, who hereunto signed their names with the undersigned appearer, and me, Notary Public, after due reading of the whole, on the date above first written to be effective as of the Effective Date.


**MORTGAGOR:**

**BOE II SHEN LLC,**  
a Delaware limited liability company

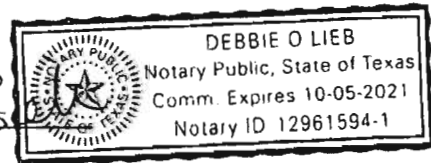
WITNESSES:

  
Print Name: Scott Chalburg

By:   
Name: Marc Hensel  
Title: President and Chief Financial Officer

  
Print Name: Kenni Callahan

  
NOTARY PUBLIC



Full name as appears in notarial commission: Debbie D. Lieb  
Notarial Identification Number: 12961594-1

My Commission Expires on: October 5, 2021



## Exhibit A

The designation "Working Interest" or "WI" or "GWI" when used in this Exhibit means an interest owned in an oil, gas, and mineral lease that determines the cost-bearing percentage of the owner of such interest. The designation "Net Revenue Interest" or "NRI" or "NRIO" or "NRIG" means that portion of the production attributable to the owner of a working interest after deduction for all royalty burdens, overriding royalty burdens or other burdens on production, except severance, production, and other similar taxes. The designation "Overriding Royalty Interest" "ORRI" means an interest in production which is free of any obligation for the expense of exploration, development, and production, bearing only its pro rata share of severance, production, and other similar taxes and, in instances where the document creating the overriding royalty interest so provides, costs associated with compression, dehydration, other treating or processing, or transportation of production of oil, gas, or other minerals relating to the marketing of such production. The designation "Royalty Interest" or "RI" means an interest in production which results from an ownership in the mineral fee estate or royalty estate in the relevant land and which is free of any obligation for the expense of exploration, development, and production, bearing only its pro rata share of severance, production, and other similar taxes and, in instances where the document creating the royalty interest so provides, costs associated with compression, dehydration, other treating or processing or transportation of production of oil, gas, or other minerals relating to the marketing of such production. Each amount set forth as "Working Interest" or "WI" or "GWI" or "Net Revenue Interest" or "NRI" or "NRIO" or "NRIG" is the Mortgagor's interest after giving full effect to, among other things, all Security permitted by the Senior Facility Agreement and after giving full effect to the agreements or instruments set forth in this Exhibit A and any other instruments or agreements affecting Mortgagor's ownership of the Hydrocarbons.

Any reference in this Exhibit A to wells or units is for warranty of interest, administrative convenience, and identification and shall not limit or restrict the right, title, interest, or Properties covered by this Mortgage. All right, title, and interest of the Mortgagor in the Properties described herein and in Exhibit A are and shall be subject to this Mortgage, regardless of the presence of any units or wells not described herein.

The reference to book or volume and page herein and in Exhibit A refer to the recording location of each respective Realty Collateral described herein and in Exhibit A in the parish where (or adjacent to the portions of the outer continental shelf where) the land covered by the Realty Collateral is located. Any reference to Serial No. in this Exhibit A refers to the Outer Continental Shelf Lease Number assigned to each respective Realty Collateral by the Department of the Interior, Bureau of Ocean Energy Management.

## LEASE LISTING

**Leases:**

- (a) Oil and Gas Lease of Submerged Lands Under the Outer Continental Shelf Lands Act, Serial No. OCS-G 31938, dated effective December 1, 2007, by and between the United States of America, as Lessor, and ConocoPhillips Company, as Lessee, covering all of Block 51, Walker Ridge, OCS Official Protraction Diagram, NG 15-06, containing approximately 5,760.00 acres, more or less.
- (b) Oil and Gas Lease of Submerged Lands Under the Outer Continental Shelf Lands Act, Serial No. OCS-G 25232, dated effective June 1, 2003, by and between the United States of America, as Lessor, and Kerr-McGee Oil & Gas Corporation, as Lessee, covering all of Block 52, Walker Ridge, OCS Official Protraction Diagram, NG 15-06, containing approximately 5,760.00 acres, more or less.
- (c) Oil and Gas Lease of Submerged Lands Under the Outer Continental Shelf Lands Act, Serial No. OCS-G 28148, dated effective May 1, 2006, by and between the United States of America, as Lessor, and Hunt Oil Company, as Lessee, covering all of Block 53, Walker Ridge, OCS Official Protraction Diagram, NG 15-06, INsofar AND ONLY INsofar AS said lease covers the N/2 of Block 53, Walker Ridge, containing approximately 2,880.00 acres, more or less.

Lease	Area	Block	Field/Project	Owner	Operator	Lease Date	WI	NRI
G31938	WR	51	Shenandoah	BOE II Shen LLC	BOE Exploration & Production LLC	12/1/2007	30.95000%	24.363166%
G25232	WR	52	Shenandoah	BOE II Shen LLC	BOE Exploration & Production LLC	6/1/2003	30.95000%	25.652750%
G28148	WR	53 N/2	Shenandoah	BOE II Shen LLC	BOE Exploration & Production LLC	5/1/2006	30.95000%	25.343250%

**BOE II Shen LLC's Working Interests in the Leases are subject to the following lease burdens, as applicable:**

1. A proportionate Share of a lessor's royalty of 16.6667% on Walker Ridge Block 51 and 12.5% on Walker Ridge Blocks 52 and 53;
2. A proportionate Share of a 0.50% overriding royalty interest payable to Nexen Petroleum Offshore U.S.A. Inc. on Walker Ridge Blocks 51 and 52;
3. A proportionate Share of a 1.5% overriding royalty interest payable to Exxon Mobil Corporation on Walker Ridge Blocks 51 and 52;

4. A proportionate Share of a 3.0% overriding royalty interest payable to Hunt Oil Company on Walker Ridge Block 53;
5. A 0.5% overriding royalty interest payable to WesternGeco on all the Leases; and
6. A 0.3095% overriding royalty interest payable to LLOG Deepwater Development Company III, L.L.C. on all the Leases.

WELL LISTING

Field/Project	Lease	Area	Block	Well Name	Well Status	API Number	Operator
<i>Shenandoah</i>	G31938	<i>WR</i>	<i>51</i>	WR51 #002	TA	60-812-40079-00	BOE E&P
<i>Shenandoah</i>	G31938	<i>WR</i>	<i>51</i>	WR51 SA005 (aka #004)	TA	60-812-40109-00	BOE E&P
<i>Shenandoah</i>	G25232	<i>WR</i>	<i>52</i>	WR52 SA006 (aka #003)	TA	60-812-40113-02	BOE E&P


**Exhibit B**  
**RESOLUTIONS**  
[see attached]

**CERTIFICATE OF RESOLUTIONS**

I, the undersigned, hereby certify that I am the President and Chief Financial Officer of BOE II Shen LLC, a Delaware limited liability company (the "Company"), with offices at 3 Allen Center, 333 Clay Street, Suite 4200, Houston, Texas 77002.

I further certify that attached hereto is a true and correct copy of resolutions duly adopted by the managing member of the Company in accordance with applicable law and the organizational documents of the Company and that none of such resolutions have been rescinded, revoked, modified, or amended in any respect, and to all of such resolutions are in full force and effect on the date hereof.

IN WITNESS WHEREOF, I hereunto subscribe my name on this 3rd day of August, 2021.

By:   
Name: Marc Hensel  
Title: President and Chief Financial Officer

**WRITTEN CONSENT  
OF  
BOE II INTERMEDIATE HOLDINGS LLC,  
MANAGING MEMBER  
OF  
BORROWER**

1 August, 2021

The undersigned, being the Managing Member (the "Managing Member") of BOE II Shen LLC, a Delaware limited liability company (the "Company"), does hereby consent to, adopt and approve the following resolutions (this "Consent") and each and every action effected thereby with the same force and effect as if each such action had been adopted by the Managing Member at a meeting duly held and called for the purpose of voting on the following resolutions:

**WHEREAS**, pursuant to the terms and conditions set forth in that certain Senior Revolving Borrowing Base Facility Agreement dated on or about 1 August, 2021 (as amended, restated, amended and restated, supplemented or otherwise modified from time to time, the "Loan Agreement"; capitalized terms used herein but not otherwise defined herein shall have the meanings assigned to such terms in the Loan Agreement), among the Company, the Mandated Lead Arrangers from time to time party thereto, and the Lenders from time to time party thereto among others and other agent banks from time to time party thereto, the Lenders are willing to make available to the Company certain credit facilities on the terms and conditions set forth in the Loan Agreement:

**WHEREAS**, substantially contemporaneously with the effectiveness of the Loan Agreement, the Mandated Lead Arrangers and Lenders will enter into (a) a Senior Revolving Borrowing Base Facility Agreement with Beacon Offshore Energy Development LLC, a Delaware limited liability company, and (b) a Senior Revolving Borrowing Base Facility Agreement with ShenHai, LLC, a Delaware limited liability company;

**WHEREAS**, as a condition to the extension of credit by the Lenders to the Company, the Lenders have required the Company to secure the Secured Liabilities by granting to the Security Agent for the benefit of the Secured Parties, (a) Security upon substantially all of the Company's interest in the Borrowing Base Asset (subject to exceptions as set forth in the Finance Documents), and (b) Security on the other Charged Assets of the Company (subject to exceptions as set forth in the Finance Documents);

**WHEREAS**, the Company will receive direct and indirect benefits as a result of the transactions contemplated by the Loan Agreement, the terms and conditions of which have been reviewed by the Managing Member, and in that regard intends to enter into the Loan Agreement, the Finance Documents and the Additional Finance Documents (as defined below) and to perform the transactions contemplated thereby; and

**WHEREAS**, the undersigned deems the execution and delivery of the Loan Agreement, the Finance Documents and the Additional Finance Documents to which the Company is a party, the performance by the Company of its obligations thereunder and the consummation of the transactions contemplated thereby to be necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company.

1. Finance Documents.

**NOW, THEREFORE, BE IT RESOLVED**, that the execution, delivery and performance of the Loan Agreement, the Finance Documents and the Additional Finance Documents to which the Company is a party and the consummation of the transactions contemplated thereby be, and they hereby are, approved and declared necessary or convenient to the conduct, promotion or attainment of the business, purposes or activities of the Company;

**RESOLVED FURTHER**, that the execution, delivery and performance of the Loan Agreement and the consummation of the transactions contemplated thereunder by the Company, including (a) the borrowing of Loans and the request for Letters of Credit under the Loan Agreement, (b) the repayment of any Loans or other obligations incurred under the Loan Agreement, the Finance Documents or the Additional Finance Documents, (c) the negotiation, execution, delivery and performance of the Loan Agreement, the Finance Documents and all other agreements, instruments, documents, notices, assignments, power of attorneys or certificates constituting exhibits to or that may be required, necessary, appropriate, desirable or advisable to be executed and delivered pursuant to the Finance Documents or otherwise permitted thereunder or related thereto (each an "Additional Finance Document" and, collectively, the "Additional Finance Documents") (including, for the avoidance of doubt, the approval of the format of and terms of and executing and delivering any such schedules, confirmations and other documents in connection with the Additional Finance Documents), (d) the incurrence by the Company of Secured Liabilities thereunder, (e) the grant of Security upon the Company's interest in the Borrowing Base Asset, (f) the grant of Security on the other Charged Assets of the Company, (g) the filing of UCC financing statements or amendments thereto, or other filings necessary to perfect or give notice of liens, the notating of liens on titles and the delivery of allonges and notes, the payment of fees, costs and expenses, the giving of notices, the designation of persons authorized to act, and other actions as may be necessary or appropriate to perform under any Finance Documents or Additional Finance Documents, and (h) the making of representations and warranties and compliance with the covenants thereunder and the assumption of any obligations under and in respect of any of the foregoing, in each case, are hereby authorized and approved, and the Chairman, the Chief Executive Officer, the Chief Operating Officer, the Chief Financial Officer, the President, any Vice President, the Chief Accounting Officer, the Treasurer, the Secretary, and the Controller of the Company (each an "Authorized Officer"), any one of whom may act without the joinder of any of the others, each of whom is hereby authorized, empowered and directed, in the name and on behalf of the Company, to execute and deliver the Loan Agreement, the Finance Documents and each Additional Finance Document, with such changes therein and additions thereto as any such Authorized Officer, in his or her sole discretion, may deem necessary, convenient, appropriate, desirable or advisable, and the execution and delivery of the Loan Agreement.



the Finance Documents and each Additional Finance Document by any such Authorized Officer with any changes thereto to be conclusive evidence that such Authorized Officer deemed such changes to meet such standard:

**RESOLVED FURTHER**, that each Authorized Officer, any one of whom may act without the joinder of any of the others, is hereby authorized, in the name and on behalf of the Company, to take all actions, (a) the preparation, negotiation, execution, delivery and filing of any agreements, certificates or other instruments or documents (including Mortgages, financing statements and similar documents, such Mortgages to include, without limitation, confession of judgment, consent to executory process, waivers of delays and appraisal and other typical Louisiana clauses), (b) the modification or amendment (whether prior to or subsequent to the date hereof) of any of the terms and conditions of the Loan Agreement, the Finance Documents and any Additional Finance Documents, (c) the payment of any consideration and (d) the payment of indemnities, fees, costs, expenses and taxes) as any such Authorized Officer, in his or her sole discretion, may deem necessary, appropriate or advisable (such acts to be conclusive evidence that such Authorized Officer deemed the same to meet such standard) in order to effect the transactions contemplated under the Loan Agreement, the Finance Documents or any Additional Finance Documents, and all acts of any such Authorized Officer taken pursuant to the authority granted herein, or having occurred prior to the date hereof in order to effect such transactions, are hereby approved, adopted, ratified and confirmed in all respects:

**RESOLVED FURTHER**, that each Authorized Officer, any one of whom may act without the joinder of any of the others, is hereby authorized, in the name and on behalf of the Company, to (a) prepare any amendments, waivers, consents, joinders or supplements under the Loan Agreement, the Finance Documents and each Additional Finance Document to which the Company is a party as may be necessary, convenient, advisable, desirable or appropriate at any time from time to time, which amendments, waivers, consents, joinders or supplements may provide for modifications or relief under such agreements or documents and may require consent payments, fees or other amounts payable in connection therewith, and (b) execute and deliver such amendments, waivers, consents, joinders or supplements under such agreements or documents as such Authorized Officer shall deem to be necessary, convenient, advisable, desirable or appropriate, such execution and delivery by such Authorized Officer to be conclusive evidence of his or her determination and approval of the necessity, appropriateness or advisability thereof;

**RESOLVED FURTHER**, that (a) each Authorized Officer, any one of whom may act without the joinder of any of the others, is hereby authorized, in the name and on behalf of the Company, to execute and deliver an Increase Notice and such other agreements or documents as such Authorized Officer shall deem to be necessary, convenient, advisable, desirable or appropriate in connection with any Increase Notice, such execution and delivery by such Authorized Officer to be conclusive evidence of his or her determination and approval of the necessity, appropriateness or advisability thereof and (b) in connection with any Increase Notice, the Aggregate Commitments are authorized to be increased to a maximum aggregate amount not to exceed US\$ 433,300,000 :

**RESOLVED FURTHER**, that (a) the signature of any Authorized Officer to the Loan Agreement, the Finance Documents and each Additional Finance Document to which the Company is a party shall be conclusive evidence of the authority of such Authorized Officer to execute and deliver such documents and (b) any person dealing with any Authorized Officer of the Company in connection with any of the foregoing matters shall be conclusively entitled to rely upon the authority of such Authorized Officer and by his or her execution of any document or agreement, the same shall be valid and binding obligations of the Company enforceable in accordance with its terms;

2. General Authority & Other Matters.

**RESOLVED FURTHER**, that each Authorized Officer, any one of whom may act without the joinder of any of the others, is hereby authorized in the name and on behalf of the Company to take all such further actions, including, but not limited to, (a) the seeking, preparation and negotiation of such additional agreements, amendments, supplements, consents, waivers, reports, documents, instruments, applications, notes or certificates not now known but which may be required, (b) the seeking, preparation and negotiation of such changes and additions to any agreements, amendments, supplements, consents, waivers, reports, documents, instruments, applications, notes or certificates currently existing, (c) the execution, delivery, performance and filing (if applicable) of any of the foregoing and (d) the payment of all fees, consent payments, taxes, indemnities and other expenses as any such Authorized Officer, in his or her sole discretion, may approve or deem necessary, convenient, appropriate, desirable or advisable in order to carry out the intent and accomplish the purposes of the foregoing resolutions and the transactions contemplated thereby, all of such actions, executions, deliveries, filings and payments to be conclusive evidence of such approval or that such Authorized Officer deemed the same to be so necessary, convenient, appropriate, desirable or advisable; and that all such actions, executions, deliveries, filings and payments taken or made at any time in connection with the transactions contemplated by the foregoing resolutions hereby are approved, adopted, ratified and confirmed in all respects as the acts and deeds of the Company as if specifically set out in these resolutions;

**RESOLVED FURTHER**, that (a) this Consent may be executed and delivered electronically (including by facsimile or portable document format (pdf) transmission), (b) this Consent may be executed in one or more counterparts, each of which shall be deemed an original and all of which shall constitute one and the same instrument and (c) facsimile and other electronic copies of manually-signed originals shall have the same effect as manually-signed originals and shall be binding on the Managing Member and the Company; and

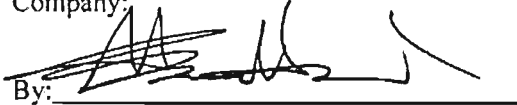
3. Ratification of Past Actions.

**RESOLVED FURTHER**, that all acts and deeds of any Authorized Officer taken prior to the date hereof to carry out the intent and accomplish the purposes of the foregoing resolutions are hereby approved, adopted, ratified and confirmed in all respects as the acts and deeds of the Company.

[THE REMAINDER OF THIS PAGE IS INTENTIONALLY LEFT BLANK.]

**IN WITNESS WHEREOF**, the undersigned, being the Managing Member of BOE II Shen LLC has executed this Consent effective as of the date first set forth above.

**BOE II INTERMEDIATE HOLDINGS  
LLC**, as the Managing Member of the  
Company:

By: 

Name: Marc Hensel

Title: President and Chief Financial Officer